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NEWS SUMMARY

GENERAL

Reagan plans national broadcast

President Reagan, recovering rapidly but still running a fever, plans a major economic address on national television as soon as he is released from hospital.

White House chief of staff James Baker said Mr. Reagan wanted to make the speech before April 15, the U.S. income tax deadline, but medical complications may cause a delay. Page 4

John Hinckley, accused of attempting to assassinate the President, was undergoing psychiatric tests in a federal prison.

Reactor fear

General Electric's boiling water reactors, used in a third of U.S. nuclear plants, may have a potentially serious cooling system weakness, the Nuclear Regulatory Commission said. Back Page

Sands poll blow

Ulster Secretary Humphrey Atkins refused media access to IRA hunger striker Bobby Sands, contesting Thursday's Fermanagh by-election.

Privilege report

British Steel chairman Ian MacGregor was cleared of an alleged breach of Commons privilege. Page 11

Moonies decision

The Charity Commissioners agreed to reconsider their decision to allow the Unification Church—the Moonies—continued tax-free status.

Dearer houses

House prices rose an average 1 per cent in the first quarter of 1981, after a price standstill, the Nationwide Building Society said. Page 8

Filipinos vote

First returns indicated Filipino President Marcos won approval in a referendum which will keep him in power for another six years.

Tekere arrested

Former Zimbabwe Minister Edgar Tekere, who was cleared of murdering a white farmer, was arrested in Kenya for "preaching violence" the Daily Nation said.

Paper closed

Iran's Justice Ministry closed one of only two daily newspapers supporting President Bani-Sadr. Page 4

Language ruling

Canada's Supreme Court ruled that local authorities need not be bilingual. Page 4

Seb's gift

Olympic gold medallist Sebastian Coe donated his Olympic vest to raise money for the family of Sgt Michael Hawcroft, stabbed to death in Bradford last month.

Sober judgment

Commons Speaker George Thomas, commenting on suggestions of parliamentary over-drinking, ruled that no MP is ever drunk in the House. Page 11

Pot in shed

Police arrested a man at Spraing Capelle, Holland, after finding three tonnes of hashish worth £4.6m in a storage shed.

Briefly . . .

Japanese and U.S. armies plan first joint manoeuvres for autumn.

Paris airports were disrupted by a 24-hour Air France strike.

Saudi Arabia ended diplomatic relations with Afghanistan.

Hitler's deputy, Rudolf Hess, 86, had a medical check in West Berlin.

BUSINESS

Sterling up 2.45c; Gold falls $19

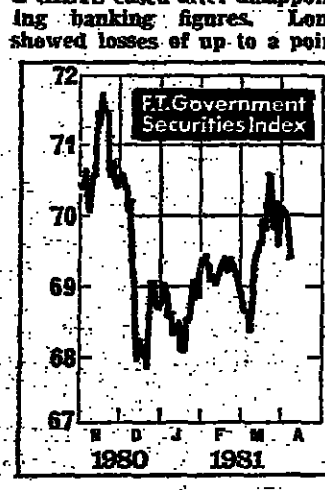
● STERLING gained 2.45 cents to close at $2.1935 after disappointing UK banking figures cast doubt on the likelihood of an MLR cut. Its trade weighted index rose to 98.9 (98.7). Page 25

● DOLLAR weakened after a relaxation of tension over Poland, falling to DM 2.138 (DM 2.155) and SwFr 1.952 (SwFr 1.9695). Its trade weighted index fell to 101.4 (101.5). Page 25

● GOLD fell $19 in London to close at $512.5. Page 25

● EQUITIES faltered in spite of reduced fears over Poland. The FT 30-share index fell 7.7 to 525.8. Page 30

● GILTS eased after disappointing banking figures. Longs showed losses of up to a point.



The Government Securities Index closed 0.58 down at 69.39. Page 30

● WALL STREET was 4.77 up at 999.01 near the close. Page 27

● AIRBUS INDUSTRIE may decide later this year whether to build a new 150-160 seat version of the European Airbus, the A-320. Back Page

● BRITISH document released in Tokyo to coincide with Lord Carrington's visit suggests Britain is taking a firmer stand on the UK-Japan trade imbalance. Page 6

● JAPAN'S big four motorcycle manufacturers increased their share of the UK market by 8 per cent to 87 per cent last year. Page 7

● OUTPUT of Britain's commercial vehicle manufacturers in March was at its lowest monthly level for more than 30 years. Page 8

● BANKRUPTCIES increased a record 46 per cent in the first quarter of this year, rising to 567 compared with 383 in the same period last year. Page 8

● CHAIRMEN of some nationalised industries may claim salary increases of up to 20 per cent under a new pay system announced by the Prime Minister. Back Page

● CONSTRUCTION of the fourth 660 megawatt unit at the CEGB's Isle of Grain power station site will be resumed if the 18-month inter-union dispute is settled. Back Page

● CHANCELLOR said between £750m and £1bn of last month's expected tax receipts had been halted by the civil servants' pay strikes. Back Page

COMPANIES

● DREAMLAND, the electrical appliances manufacturer, reported pre-tax profits down from a record £1.5m to £840,000 for 1980. Page 21

● ASH & LACEY, the metal stockholder and perforator, increased pre-tax profits from £2.59m to £2.64m in the 53 weeks to January 2, 1981. Page 19

● KCA INTERNATIONAL, the oil servicing and contracting group, reported increased pre-tax profits of £3.73m, compared with £2.82m. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
ICL	48	+ 3
Laing Props. A	208	+ 11
Morrison (Wm.)	283	+ 16
Pritchard Services	173	+ 7
Royal Bk. Scotland	168	+ 24
Spring Grove	119	+ 7

FALLS		
Treas. 11¾pc 03-07	£91¼	— 1
Alexanders Discnt.	258	— 12
BICC	234	— 6
Bakers Hshld. Strs.	132	— 7
Blue Circle	410	— 8
Boustead	167	— 8
Brown (J.)	84	— 5½
GUS A	470	— 7
GKN	143	— 5
Guinness Peat	109	— 6
Haden Carrier	268	— 10
Hawker Siddeley	312	— 6
HK and Shanghai	132	— 7
London Brick	75	— 5
Northern Foods	184	— 6
Pleasurama	248	— 12
Racal Elect.	370	— 6
Unigate	103	— 5
Union Discount	495	— 15
BP	362	— 8
KCA	182	— 18
Shell Transport	348	— 10
Jitra	65	— 5
Anglo Amer. Gold	£41	— 3
Cent. Pacific Mins.	105	— 45
East Drie	£12½	— 1¼
Esperance Minerals	50	— 30
Greenvale Mining	37	— 10
Mount Carrington	55	— 8
Poseidon	262	— 12
Randfontein Ests.	£27½	— 2¼
Sthn. Pacific Pets.	42	— 16
Venterspost	561	— 82
West Drie.	£35½	— 2¾

Hongkong bids £500m for Royal Bank

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

THE Hongkong and Shanghai Banking Corporation yesterday launched a rival £500m takeover bid for the Royal Bank of *Scotland group.*

Hongkong Bank's offer, which is partly in cash and shares, is worth about 50 per cent more than the first bid from Standard *Chartered Bank last month.*

There were indications last night that the British authorities may not, however, be prepared to sanction the deal.

The Hongkong Bank group is based in Hong Kong and operates through more than 800 offices in over 45 countries. It is particularly strong in Asia, the *Middle East and North America,* where it recently acquired majority control of Marine Midland Bank of New York.

The new bidder is famous for its extreme secrecy—only half a dozen people are said to know its true reserves—but reckons itself among the world's top 40 banks.

The Standard Chartered bid, worth about 141p a share against 211p from Hong Kong *Bank, has already been* recommended by the Royal Bank of Scotland board. Royal Bank's directors were considering the new offer last night, and had no comment.

One of the main attractions of Royal is its Williams and Glyns subsidiary with its network of *retail banking branches* in England.

Mr. Peter Graham, group chief executive of Standard Chartered Bank, said his bank *would have to consider its* position in view of the new approach. "But all things worth doing are difficult," he said.

The Hongkong and Shanghai bid seems likely to force the British authorities to reveal their attitude to foreign, non-EEC takeovers of British banks.

It has generally been assumed *that the Bank of England would* not sanction any deal which allowed a foreign bank to acquire more than 15 per cent of a British bank.

However, this was called into doubt last year when Hongkong and Shanghai was permitted to acquire control of Antony Gibbs, then one of the accepting houses.

It is likely in view of the significance of Royal Bank of *Scotland—it is the largest* branch bank in Scotland, and the fifth largest in England—that the Bank of England may have to pay attention to the national interest. In these circumstances it is difficult to see how a foreign bank takeover could be accepted.

Mr. Michael Sandberg, chairman of the Hongkong Bank, was at pains last night to emphasise that his bank is British. "Hong Kong is a British colony. It is ruled directly from Westminster." He said around 80 per cent of his bank's shareholders were British citizens, and so was the *management.*

Mr. Sandberg said Hongkong and Shanghai had been contemplating a bid for Royal Bank for some time and had thought of making an approach in May. It had been forced to act sooner because of Standard *Chartered's bid.*

He endorsed the view of many bankers that Royal Bank of Scotland represent a unique opportunity to acquire a substantial *base in British banking,* since there is no comparable bank with a substantial branch network in England. "There is no real substitute for Royal Bank," *Mr. Sandberg said.*

Hongkong and Shanghai Bank's announcement refers to a partnership between itself and Royal Bank, and promises to preserve Royal Banks' present Scottish-based independence.

"The Board of Hongkong and Shankhai Banking Corporation *believes its proposals will* enable Royal Bank not only to preserve its autonomy but also to expand substantially in the future as the flagship of the *Hongkong Bank group in* Europe," he said.

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Standard Chartered results. Page 18
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The bank now had as its key *objective "the establishment of* a major base in Europe and, in particular, the UK."

Under the terms of the offer, Hongkong Bank will exchange *eight of its own shares for* every five ordinary shares in Royal Bank of Scotland. A *partial cash election will allow* shareholders to receive up to 60p in cash for each Royal Bank share.

Details of the Hongkong bid came after hours on the London stock exchange. But by then speculation had knocked 7p off the Hongkong and Shanghai share price, which closed at 132p. Royal Bank shares closed *24p higher at 168p,* while Standard Chartered shares were 11p ahead at 666p.

Ray Perman, Scottish correspondent, writes: Scottish businessmen *who oppose the Royal* Bank of Scotland's proposed merger with Standard Chartered were concerned last night that their arguments might get lost in a major takeover battle.

Since Standard made its intentions plain a month ago there has been a small, vocal and oddly assorted group of protesters north of the border considering what course of action might give them a realis*tic chance of blocking* the merger.

Their objections fall under two headings: The loss from Edinburgh to London of a major decision-making centre which, they feel, would inevitably follow a merger, and the linking of the largest Scottish bank with one which has signifi*cant interests in South Africa*

Besides a handful of individuals, some in influential positions in the financial community, the objectors include the Labour, Liberal and Scottish National parties, some Conservatives led by Mr. Alex Fletcher, the Scottish Industry Minister, the Church of Scotland and the Scottish TUC.

Lobbying of Mr. John Biffen, the Trade Secretary, has so far been half-hearted. Moves to get the bid referred to the Monopolies Commission, and the arguments put forward—of safeguarding Scottish interests—carry little weight against that of increasing *competition* in UK banking.

There has been discussion of launching a counter bid for the Royal group from Scotland, but the major insurance groups, such as Scottish Widows, Standard Life and General Accident—which are big enough to do so—have for one reason or another ruled out the possibility.

The remaining suggestion being considered is that a group of Scottish institutions could act together to buy a sizeable stake in the Royal, perhaps a quarter of the equity, *and use it as a base from which* to thwart the merger. So far that scheme appears to have got little way beyond the talking stage.

Brezhnev quells fears

By Anthony Robinson in Prague

FEARS OF imminent Warsaw Pact intervention in Poland subsided yesterday following a conciliatory speech in Prague by Mr. Leonid Brezhnev, the Soviet President, and the announcement of the end of Eastern bloc military manoeuvres *in and around* Poland.

In his speech to the Czechoslovak Communist Party Congress yesterday Mr. Brezhnev expressed guarded confidence that Poland would "prove able in adequate measure to oppose the designs of the enemies of Socialism."

Evidence that the Soviet Union had decided to give *Poland more time to solve its* internal problems seemed to be strengthened by a statement published on the East German news agency that Warsaw Pact troops *involved in the three-week* military exercices "will return to their home bases."

The exercices, which were the longest since just before the *Warsaw Pact invasion of* Czechoslovakia in August, 1968, seemed designed to exert pressure both on the Polish independent trade union Solidarity and on the Polish Communist Party."

Mr. Brezhnev addresses the party conference

In spite of his conciliatory tone Mr. Brezhnev frequently emphasised in his 25-minute speech the danger of a "counter-revolutionary" threat posed by events in Poland.

He praised his host country Czechoslovakia several times saying that it had overcome a *similar threat in the past*—although he did not mention this was achieved by use of Warsaw Pact forces and a purge of the Czechoslovak Communist Party.

Mr. Brezhnev's warning about conuter-revolutionary forces was echoed by Mr. Stefan Olszowski, Poland's delegate to the Congress and leading hardliner in the Polish Politburo. He said Poland's achievements were "being abused by the opponents of Socialism who by their activities constitue a counter-revolutionary threat."

But he had little new by way

Continued on Back Page

Warsaw unveils big farm price rises. Page 3

Poland confirms it cannot meet bank repayments

BY FRANCIS GHILES

POLAND confirmed to major Western banks yesterday that it will be unable to meet the repayments on its debt due between March 27 and June 30.

In a telex to the banks it has asked for their "understanding" over the repayment of principal on outstanding commercial loans during the second *quarter of 1981* which are believed to total about $1bn (£459m).

Although some bankers described the telex as rather vaguely worded, others said its purpose was quite clear and the message came as no surprise following the meeting held in London eight days ago between Bank Handlowy, the state run central bank of Poland, and the representatives of 23 Western banks.

At that meeting Poland re*quested that some $3.1bn* (£1.42bn) in commercial bank debt falling due in 1981 be refinanced.

The telex yesterday con*firmed that* Poland *would* continue to honour the repayment of interest on outstanding loans.

Although consultations were taking place among bankers no date has been set for a meeting of lenders to prepare for a further meeting with the Poles expected to take place towards the middle of the month.

Western banks are still *adamant that they have no wish* to declare Poland in default with them, even if debt payments are sometimes late in arriving.

Bankers argued yesterday that the speech by Mr. Brezhnev, the Soviet leader, to the Czechoslovak Communist Party Congress in Prague, had *removed the threat of imme*diate military action.

They believe *that this should* enable them to continue the search for a framework in which the problem of Poland's debts can be resolved.

First oil-backed Eurobond launched

BY DAVID FREUD

The first oil-backed Eurobond was launched yesterday for Petro-Lewis Corporation, a secondary U.S. oil company based in Denver.

The issue is for $30m with a five year term. Investors will receive annual income of between 7½ and 8 per aent and a lump sum at the end of the period, based on the appreciation of the oil price.

The bond is similar to the oil-backed petrobonos issued by the Mexican Government since 1977, although these are domestic.

Petro-Lewis has grown rapidly in the last five years, with net income rising from $1.4m in 1976 to $22.3m in 1980. It has specialised in buying and working proven oil and gas producing properties.

It intends to use half the money raised to reduce bank loans, and the remainder to finance a higher level of exploration.

The issue is being arranged by Blyth Eastman Paine Webber International.

Details, Page 22

£ in New York

—	Apr. 6	Previous
Spot	$2.1760-1780	$2.2000-2040
1 month	*0.78-0.85 pm.*	*0.50-0.57 pm.*
3 months	2.00-2.10 pm.	1.45-1.55 pm.
12 months	6.50-6.75 pm.	5.10-5.40 pm.

Nissan to study UK plant sites

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

NISSAN has drawn up a list of eight sites for the £300m *Datsun car plant which* the Japanese company is considering putting up in Britain. Three of the eight are in the North-East, two in South Humberside and the rest in Wales.

A Nissan team of four will begin visiting them on Monday, and by *April 24, when it intends* to complete the tour, it should be in a position to draw up a short-list of two or three from which the final site will be *selected.*

The decision on whether to come to Britain is expected to be taken by the company by about the start of June. But the choice of the 800-acre site, if Britain is chosen, could come later as Nissan may want to see *where it can get the best terms* on the cost of land, freight and components.

The eight sites chosen for inspection are:

North-East:

Sunderland Airport, where the land is in four hands.

Stockton: an area at Ingleby Barwick, south of Thornaby near the A19 and next to the Teesside Industrial Estate. Some 1,750 acres available are largely in the hands of one developer. This is housing land and would have to be redesignated.

Stockton: a second site West *of Eaglescliffe, and south of* a new section of the A66 opening in a month's time. About 1,200 acres available in three or four hands.

South Humberside:

North Kinningholme airfield. Some 4,000 acres available owned by seven private holders, two of whom each have the 800 acres the company needs.

Stallingborough - Grimsby. A site of over 800 acres north of the A18. Mainly in the hands of two landowners.

Wales

Cardiff. A small site of 230 acres immediately available at *Wentloog* between the M4 and the coast with remaining 570 acres obtainable.

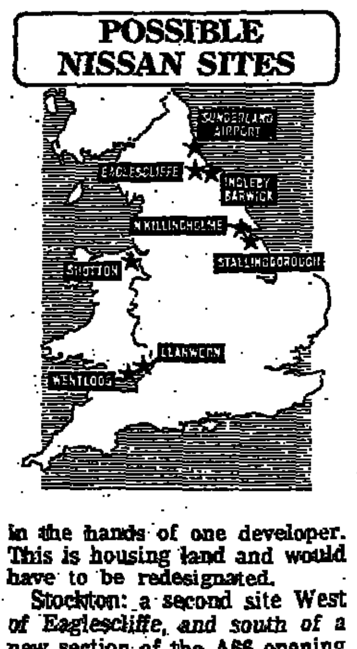
Newport. A site again between the M4 and the coast, backing onto British Steel's Llanwern works. BSC owns nearly 500 acres of the land.

Shotton. *The land here is* concentrated in two hands and could be put together as one parcel in a matter of weeks.

The Japanese team begins its visit at Humberside next Monday and Tuesday.

All sites are in assisted areas but only the three in the North-East and Shotton qualify for *the highest rate of grants* available in special development areas (SDAs). Regional development grants of 22 per cent are automatically paid on all *new plant and machinery and* another 22 per cent on new buildings in SDAs.

POSSIBLE NISSAN SITES



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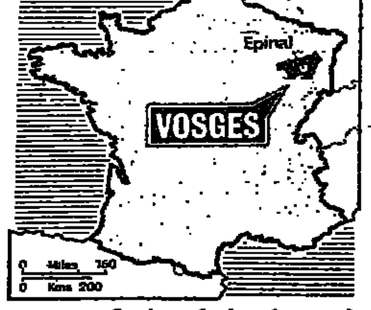
For latest Share Index phone 01-246 8026

Tecalemit to care for

FLUID TRANSFER.COW to FILTRATION ● " says GARAGE " head of COMBI two textile support the Chatel, near Vosses. "Our on the Govern- we are unable to with the costs of over-producers. The French textile industry is dead—and it's not me that says it, it's the figures." All his costs—raw materials, energy and salaries—have gone up in the past year, he says. His prices have gone down to such an extent that each kilo he sells is adding to his losses.

Shi

Giscard lost the hearts and minds of Vosges voters



TERRY DODSWORTH recently visited the Vosges, heartland of the French textile industry. The Government's economic policies have wreaked havoc among the mostly small to medium-sized textile manufacturers, many of whom have gone into liquidation. Last year, 3,000 workers lost their jobs. Another 6,000 are on short time.

M. Debry, a former Second World War Resistance fighter, is a natural supporter of the traditional post-war Gaullist right. Like many other voters in this strongly conservative region, he accepted President Valery Giscard d'Estaing seven years ago as preferable to M. Francois Mitterrand, the Socialist candidate. But he has been deeply disappointed by the industrial record of the present liberal Government. "I cannot vote again for people who are destroying me," he says.

The Vosges is a clearly defined area on France's textile map, lying on the western flanks of the forested mountains from which it takes its name. Since the 1870 war, when Bismarck's Germany established its grip on Alsace and Lorraine, the isolated valleys of the Moselle and its tributaries have harboured cotton mills, set up by workers fleeing the occupied factories on the other side of the hills. But this industry is being shaken by a recession which threatens to destroy it forever.

What makes this crisis particularly important in the present election campaign is that it can be related directly to the liberalising economic policies of President Giscard and M. Raymond Barre, his Prime Minister. As a recent Parliamentary report on the textile industry vividly illustrated, the Government's central economic doctrines isolate it from most currents of French industrial thinking.

The Vosges weaving industry has remained relatively conservative and close to rural traditions. Even today, many small farmers and their wives work in the mills, splitting the morning and afternoon shifts and milking the cows in between. Although the companies argue they have invested heavily in recent years, they have clearly not achieved the streamlined methods of their most successful overseas competitor.

This is exactly the sort of industrial structure that M. Barre has been aiming to modernise over the past four years. No longer sheltered by the Government, with the frontiers opened up to both the Third World and the highly rationalised U.S. industry, the Vosges manufacturers have inevitably suffered. According to the Barre criteria, they are now paying the penalty for low productivity and an inability to compete.

The crisis came suddenly, about a year ago. For the past two decades, the Vosges manufacturers, specialists in grey woven cloth which generally goes elsewhere to be finished, have been in difficulties, gradually shedding labour and rationalising production. But in 1980, imports began to rise, consumption dropped, and prices fell through the floor.

Most Vosges manufacturers are small- to medium-size family concerns. Many have gone into liquidation. In the past year, more than 3,000 jobs have been lost in an industry directly employing 21,000, while 6,000 more workers are on short time. Virtually everyone believes more cuts will follow the May election.

Where the Gaullists, Socialists and even Communists are in agreement is in calling for much more intervention to shore up the traditional sectors. Because of an alliance between technocrats and Liberals in the Government, such industries as textiles are being abandoned, argues M. Philippe Seguin, the MP for Epinal, one of the two Gaullist seats in the four Vosges textile constituencies.

"The technocrats have been more interested in nuclear power than women working on sewing machines," he says, "while the liberals believed in excessive freedom for market forces. What neither side saw was the social and political impact of the kind of policy they were conducting towards textiles."

Similarly, M. Christian Pierret, the lone Socialist MP in the region, argues for a determined government-backed effort to put the industry back on its feet. "We oppose the idea that industry can be pushed into specialised niches and traditional sectors left to die," he says. "Strong companies depend on a diversified industrial base: you cannot develop a robotics industry without machine tools, and you will not create a fashion industry without textiles."

Late last year the Government began to change course.

The first sign came when President Giscard, demonstrating a masterful ability to make a U-turn look like the straight at Le Mans, calmly assured the nation that "textiles innovation" had become a strategic industry. Thus, like micro-electronics or off-shore engineering, it becomes eligible for special aids under a scheme designed to propel French industry into the technology expected to dominate the 21st-century.

Since then, the Government has stepped up its intervention, taking up the issue of cheap imports and moving to stop Eastern European or Third World garments being re-labelled elsewhere in the European Community and enter France at prices the domestic companies cannot match.

President Giscard's *volte-face* is the action of a seasoned politician smelling electoral danger. It undoubtedly comes too late to save several companies, and will not solve many underlying unemployment problems.

But the measures do answer the critics on a number of points. Some 5 per cent of clothes in France are believed to come in under false labels; curbing such imports should give the industry a breathing space. Similarly, the investment aids will undoubtedly help some larger, more forward-looking companies.

Some textile industrialists, convinced they will continue to be sacrificed—if rather more slowly in the future—to the twin gods of free enterprise and high technology, want more full-blooded protection. "We have to be protected against countries where working methods are less well-policed than here," says M. Georges Favre, head of the Epinal textile man[illegible]turers' association. "In [illegible] of its traditional manufactu[illegible] Europe is not competitive. [illegible] goes for coal, steel and agr[illegible]ture, and all of those are [illegible]tected. Why not textiles?"

The main vote is still li[illegible] to go to the right, but reim[illegible]ing the Gaullists in the [illegible] round as a protest against P[illegible]dent Giscard's policies. In [illegible] second round the R[illegible] will rally to the Presid[illegible] giving him just a majo[illegible] This, at least, is [illegible] belief of one of the most au[illegible]ritative people in Epi[illegible] M. Seguin, the Gaullist dep[illegible]

Ankara seeks aid in curbing arms to Turkish terrorists

BY METIN MUNIR AND DAVID TONGE IN ANKARA

TURKEY IS urging its allies to speed up talks in Paris to stem the flow of Western arms to terrorists. Senior officials complain that by failing to stop the passage of arms through Eastern Europe to the Middle East and Turkey, Ankara's allies are "playing the game" of those who seek to undermine the country's stability.

The talks have been taking place for six months in CoCom, the committee through which leading Western nations arrange their trade embargos of Eastern Europe and a number of Communist regimes.

Since the military seized power last September 20,000 rifles and automatic weapons and nearly 200,000 pistols have been surrendered to, or seized by, the authorities. Even today an average of over 7,000 weapons a week continue to be recovered.

A few of these weapons come from Warsaw Pact countries such as Czechoslovakia, but most are made in Belgium, France, Spain, the U.S. and West Germany. They are often channelled through Bulgaria.

The Turks welcome the emphasis given to fighting international terrorism by the new Administration in the U.S., particularly given the continuing attacks on their diplomats abroad. They say that, in CoCom, they have begun to overcome resistance by some weapons producers to tighter controls over exports. But they are pressing for further action.

Turkey has also complained to the Palestine Liberation Organisation and the Lebanon about the training of Turkish militants in PLO camps. It has also linked these militants with Armenian terrorists whose most recent attack was on a Turkish diplomat in Copenhagen last week. Over the past eight years, 51 such attacks have caused 17 deaths.

● Mr. Bulent Ecevit, the former Turkish Prime Minister, was accused yesterday by a civilian prosecutor of insulting the state security forces in an article he wrote on torture for the weekly journal Arayis, which he publishes.

If charged, he would face between one and five years in prison and would risk losing his right to stand again for Parliament, according to his lawyer.

Mr. Ecevit returned to his former profession of journalism after last September's military coup and started publishing Arayis.

In his article, Mr. Ecevit wrote that "whether governments like it or not, torture in Turkey is 'traditional'." The main reason, he said, is that the security forces are untrained in interrogation and clue-gathering methods and resort to beatings and torture.

Two shot dead in Italy

By Rupert Cornwell in Rome

POLITICAL violence returned to Italy yesterday, with the killing by Left-wing Red Brigades terrorists of a prison guard on the outskirts of Rome and the murder of a Christian Democrat provincial counsellor near Naples.

Sig. Raffaele Cinotti, a guard at the top security Rebibbia prison where convicted terrorists and suspects under interrogation are held, was shot outside his home. The Red Brigades later claimed responsibility.

The killing is clearly intended to show that the terrorist group is still a potent force despite the arrest at the weekend of Sig. Mario Moretti, considered by the security forces to be Italy's most wanted extremist.

None the less, he is only the fourth person to die at the hands of Left- or Right-wing terrorism this year, a total well below those reached at the same stage of either of the past two years.

Less clear are the motives for the assassination of Sig. Alfredo Mundo, killed in his car at Marigliano.

The new violence coincides with the second anniversary of the mass round up in Padua of "autonomous" extreme Left-wingers. Recently 70 of them, including Professor Toni Negri, the movement's ideological mainspring, have been sent for trial on charges including armed insurrection.

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DEFENCE PACT TOPS AGENDA

Spain prepares cool reception for Haig

BY ROBERT GRAHAM IN MADRID

THE FUTURE of Spain's bilateral defence treaty with the U.S. will be the central theme of talks which begin here today between Mr. Alexander Haig, the U.S. Secretary of State, and senior members of the Spanish Government.

The five-year treaty is due to expire in September but so far a combination of the abortive coup in February and the U.S. administration's lack of focus on Spain, have held up any serious discussion.

Mr. Haig is likely to receive a cool reception. This has little to do with what the U.S. Secretary of State will be offering on the Defence Treaty, but concerns a deep sense of irritation felt by the Spanish Government over the U.S. attitude to the abortive coup.

Remarks made by Mr. Haig on the night of the coup have caused considerable damage to the U.S. image in Spain—even though these remarks on the coup have been largely misinterpreted by the Spanish media and politicians. Also a feeling persists that the Reagan Administration's policies encouraged the military to plot, even if there was no direct contact or support for such action.

Taken together this has aroused a significant mood of anti-Americanism, evident too in a campaign in some of the Press smearing Mr. Terence Todman, the U.S. ambassador, for little else other than the fact that he is black.

In this atmosphere the Government will be under pressure to take a tough line with the U.S. over renegotiating the Defence Treaty. The Treaty dates back to 1953 and is [illegible] sole external defence arra[illegible]ment which Spain has.

The Spanish feel that e[illegible] the renegotiated document [illegible] 1976 is too one-sided. In re[illegible] for vague assurances [illegible] security but no firm com[illegible]ment to protect Spain, the U[illegible] has obtained a valuable set [illegible] facilities. At Torrejon, j[illegible] outside Madrid there is [illegible] tactical airbase with import[illegible] logistic facilities enabling [illegible] U.S. to supply the Middle E[illegible]

At Saragossa there is anoth[illegible] airbase, mainly used for tra[illegible]ing, and on a nearby firing a[illegible] bombing range 60 per cent [illegible] this type of U.S. training [illegible] Europe is conducted. There a[illegible] naval facilities at Rota but [illegible] nuclear submarines based the[illegible]

A special oil pipe conne[illegible] the naval facilities at Rota, ne[illegible] Cadiz, with these two bases. [illegible] addition the treaty perm[illegible] about 50 special facilities to [illegible] Americans, primarily radar a[illegible] reconnaisance installatio[illegible] throughout the mainland, t[illegible] Balearics and the Canaries.

Spain believes that Americ[illegible] use of Spain, with 11,0[illegible] servicemen on Spanish soil, [illegible] a great boon to NATO. Again[illegible] this they have received on[illegible] $150m (£69m) in U.S. milita[illegible] aid in the past five years, whi[illegible] is considered too little.

The Spanish Governme[illegible] would like to renew the agre[illegible]ment but in the context [illegible] NATO membership and on co[illegible]ditions that the U.S. provide more financial assistance. Jus[illegible] as importantly Spain would lik[illegible] to obtain greater access to U.S[illegible] technology. This will strongl[illegible] affect the decision pending o[illegible] whether to purchase the U.S[illegible]made F-16 fighter.

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Bonn expected to approve new energy scheme

BY JONATHAN CARR IN BONN

THE West German Government is today expected to approve a new programme designed in particular to encourage energy-saving, oil-substitution and the introduction of new technology.

The programme is to be financed through the international capital market in an action closely co-ordinated with France, which is understood to be borrowing funds for a similar purpose.

No official figure has so far been given for the total sum to be raised, but it is expected to be at least DM 10bn (£4.6bn) of which each country would borrow half in separate but parallel action.

Earlier reports that Bonn and Paris might launch a joint bond issue expressed in ECU's—the European Community's fledgling reserve currency—have not been confirmed here.

But it is stressed, none the less, that Chancellor Helmut Schmidt and President Valery Giscard d'Estaing are keen on a simultaneous action which would underline their accord on current economic and financial strategy.

Both sides are agreed, it is said, on the need to increase medium-term investment in new and competitive products—not least in the energy sector—rather than simply giving a short-term boost to demand.

The new West German measures are said to fulfill this aim—in contrast to several of the broadly-based multi-billion D-mark programmes of economic stimulation approved by Bonn in the 1970s.

Part of the funds under the new scheme will be earmarked for lower-interest rate loans for smaller and medium sized-enterprises planning investment in new technology. These businesses have been particularly hard-hit by the level of interest rates in West Germany which remains high and shows no sign of falling in the near future.

Other funds are expected to go to boost the public sector programme for channelling to private homes the excess heat generated by power stations and other industrial enterprises. This would help cut dependence on imported oil for heating.

In the context of this package, other steps to boost public sector housing programmes are also likely to be discussed, but not necessarily decided on at present.

The Government expects to be able to finance all this without markedly increasing its net borrowing requirement, which for this year is already bound to be well above the DM 28bn (2 per cent of GNP) stated in the budget estimates.

This is because the foreign borrowing will be channelled through the Kreditanstalt Fuer Wiederaufbau, a bank owned jointly by the Federal Government and the provincial states and first established to administer Marshall Aid funds after the war.

By using this route, Bonn will only have to meet through its own budget the cost of the KFW's cheaper interest-rate programme for businesses.

While the foreign borrowing will be raised via the capital market — not direct from oil-producing countries—it is clear that most of the funds will be coming from the OPEC states.

Bonn is thus speaking of a further effort to recycle surplus oil revenue—ironically, in this case, partly to help the country become less dependent on oil imports.

Speculation against Belgian franc eases

By Larry Klinger in Brussels

THE TWO-WEEK run of speculation against the Belgian franc abated yesterday following the formation of a new Government in Brussels pledged to defend the currency.

Mr. Mark Eyskens, the former Finance Minister sworn in as Prime Minister late on Monday, outlined to Parliament yesterday his priorities to revive the nation's hard-hit economy.

The Government "would take all the measures necessary to maintain the parity of the franc," he declared.

Foreign exchange dealers in Brussels yesterday reported that pressure on the franc had quietened down considerably after dropping off a little on Monday.

Speculation against the franc followed the Italian lira's devaluation a fortnight ago. The Belgian central bank spent nearly BFr 64bn (about £828.3m) in support operations.

The new Government, formed almost exactly along the lines of the previous Christian Democrat-Socialist coalition, will seek special powers from Parliament to implement economic measures more quickly.

It has also delayed an immediate decision on the contentious "wage indexing" issue that brought down the former Government.

The new Government's programme is otherwise little changed from that of Mr. Wilfried Martens, the outgoing Prime Minister, with hefty cuts in public spending, tax incentives for business to stimulate employment, and plans to curb price rises, including a review of oil and petrol pricing.

In a concession to the Socialists, the traditional system of linking automatic wage rises to the cost of living has been referred to a special commission comprising government officials, industrial and small - business leaders and trade union officials.

Warsaw unveils big farm-price increas

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND HAS raised considerably the prices paid to farmers for agricultural produce. Talks on obtaining official recognition for a private farmers' trade union are also making progress.

For certain products such as beef and milk, the increase will exceed 100 per cent. The price increases represent a bid to stem falling food sales to the state and shortages for consumers. Meat supplies dropped by 6 per cent in January compared with a year earlier, by 12 per cent, in February and are expected to drop by 20-25 per cent in the second quarter of this year.

Mr. Gabriel Janowski, one of the private farmers' leaders, yesterday welcomed the increases but warned that production would take time to recover. "They should have been introduced last autumn," he said. Also, the permanent shortages of fertiliser and agricultural machinery mean farmers will have difficulty investing their extra income.

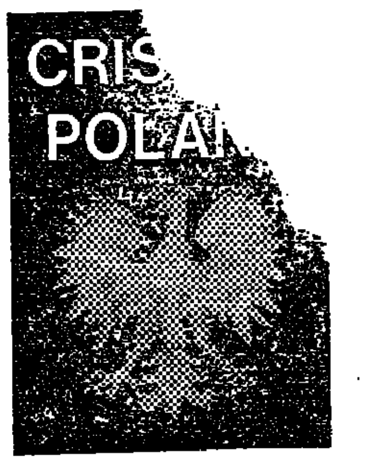
The decision, moreover, makes an increase in food prices for consumers an urgent necessity. According to official estimates, subsidies to the nation's food bill will grow from an annual Zl 240bn (£3.28bn) to around Zl 340bn (£4.65bn) if prices are not raised. But any increases will have to be negotiated with Solidarity, the independent union, if they are not to spark industrial unrest.

The private farmers' yesterday took part in a parliamentary commission trying to find a formula under which their union could be recognised officially. They have also seen Mr. Kazimierz Barcikowski, a politburo member, this week and had a separate meeting with Mr. Stanislaw Gucwa, the head of the Peasants' party.

Mr. Janowski said both meetings had been constructive. "The matter has gone too far now for the authorities to withdraw without a serious row."

● The Soviet Union has signed an agreement to supply Poland with 13m tonnes of oil and 3m tonnes of petroleum products this year. The price Poland is paying for Soviet oil has risen by 30 per cent over last year but the quantity is the same as in previous years.

Traditionally, Poland has imported an extra 3m tonnes of Middle East oil for hard currency but the country's difficulties with raising credits may make this difficult.



U.S. demands 'sacrifice' from NATO allies

BY BRIDGET BLOOM IN BONN

THE U.S. yesterday demanded an equal sacrifice from its European allies in the face of what it sees as an alarming increase in global Soviet military strength.

In a speech to the 13 Defence Ministers attending NATO's Nuclear Planning Group here, Mr. Caspar Weinberger, the U.S. Defence Secretary, made it clear that, for the present at least, Washington views arms controls negotiations as secondary to the need to re-arm the alliance. He compared the steady and sustained build-up which the Soviet Union had achieved over the past decade of "detente" with the decline in military readiness of the U.S. and its NATO allies.

Against this "grim and sombre background," Mr. Weinberger said, the U.S. Administration had prepared its own public opinion for a big increase in defence spending. But he warned his European counterparts: "Our people will not want to march alone. If our effort is not joined by all who are threatened, by all who face a common danger, we in the U.S. could lose a critical public support for which we have laboured long and hard."

His remarks were made public here yesterday by two senior U.S. Defence officials, an unusual move at this normally most secretive of NATO meetings. The Group's discussions are usually highly confidential and the agenda is intended to be confined entirely to nuclear matters.

Chancellor Helmut Schmidt and Herr Hans Apel, the West German Defence Minister (right) welcome Mr. Weinberger to a lunch during the NATO meeting. With them is Dr. Joseph Luns, secretary-general of the alliance.

Of more substantive concern to European members of NATO has been Mr. Weinberger's emphasis on re-armament rather than arms control, although few would disagree that NATO's readiness needs improving. While he repeated that, in principle, the U.S. favoured talks on arms control with the Soviet Union, he would set no date for resuming the broad process of talks on strategic arms limitation nor for the more limited negotiations on so-called theatre nuclear weapons.

Herr Schmidt, the West German Chancellor, said two days ago that he hoped talks on theatre weapons could be resumed by late summer, but U.S. officials yesterday would not confirm that they would be ready for such negotiations this year.

West Germany has been under pressure from anti-nuclear lobbies to abandon the 1979 NATO decision to modernise theatre forces with additional Cruise and Pershing II missiles. A demonstration of several hundred women greeted Ministers as they arrived for yesterday morning's meeting but they had gone by lunch time and there were no incidents.

Mr. Weinberger told his European colleagues that he still opposed the SALT II treaty which has lain unratified by the U.S. Senate since the Soviet invasion of Afghanistan 15 months ago. Any future agreement, he said had to be verifiable, balanced, and had to contribute to international stability. The treaty did none of these things.

Soviet food production declines

By David Satter in Moscow

AMID SIGNS of increasing food shortages in the Soviet Union, the Communist Party newspaper Pravda yesterday issued an implicit call for an end to the U.S. grain embargo which it said was a political and economic failure.

Detailed production statistics for the first two months of this year, published by the economic service of the Soviet news agency Tass, said that milk production, which has declined by 3-4 per cent a year for the past three years, declined again by 3 per cent in January and February.

The decline has been attributed to shortages of silage and grain and has led to milk rationing in some provincial cities.

Meat production, which increased in January and February of 1980 because of distress slaughtering, fell only slightly from the levels reached then in the first two months of this year — an indication that the distress slaughtering which followed the U.S. grain embargo is being repeated this year

EEC steel strategy talks gather pace

BY GILES MERRITT IN BRUSSELS

THE PROSPECTS for an EEC-wide steel strategy that could cure the industry's basic ills were examined yesterday in parallel talks between Community Industry Ministers and between heads of the big steel producers.

As the Industry Ministers of the Ten met for informal discussions on the steel crisis in Groeningen, Netherlands, the chief executives of the 15 main steel porducers grouped in the Eurofer "club" resumed negotiations in Luxembourg on a voluntary production curb.

On the assumption that the Luxembourg talks will shortly yield agreement on the details of a steel regime, the Groeningen meeting is understood to have proposed a formal EEC Council of Ministers meeting to forge a link between the new voluntary curbs and a tough scaling-down by member governments of their financial aids to steelmakers.

Mr. Norman Tebbit, Britain's Minister of State for Industry, is understood to have urged that the Council meeting should be held during the first week of May. He is also believed to have warned that, should Eurofer fail to agree on curbing production of all the most important categories of steel product, the UK will urge renewal of the present compulsory production controls which expire on June 30.

In Luxembourg, meanwhile, the Eurofer negotiations were yesterday understood to be examining the posibility that "lower value components" in the light sections category might be excluded from the curbs.

Kreisky starts negotiations with Tikhonov

By Paul Lendvai in Vienna

THE crisis in Poland will be high on the agenda in talks which started in Vienna yesterday between Austria's Chancellor Bruno Kreisky and Mr. Nikolai Tikhonov, the Soviet Premier, who is in Austria on a five-day official visit.

The Austrian public, however, is primarily interested in Soviet moves to reduce the Austrian deficit in bilateral trade, which doubled last year to a record Sch 7bn (£220m). As Austria imports mainly oil and natural gas from the Soviet Union, its import bill in 1980 jumped 29 per cent to Sch 13.3bn. Exports fell 9.5 per cent to Sch 6.2bn.

_pt to stop mounting violence in Lebanon

ZI IN BEIRUT

—Elias Sarkis — talks here h Mr. Abdel .am, the Syrian r and Foreign . in an attempt to .ne continuing fighting .een Syrian troops and istian militias in Beirut l the town of Zahle, 30 .les to the east.

Pitched battles raged in the Zahle area yesterday as Syrian troops set to tighten their control on the strategic hills surrounding the mainly Christian city. According to some Press reports, the militias have been routed from most of their positions.

The troops, which serve within the Arab deterrent force, were said to require another day to clear the region of Christian militias.

Sporadic artillery exchanges continued, along the green lines dividing Christian and Moslem quarters, despite attempts to arrange a new ceasefire.

Zahle leaders have appealed to President Sarkis to deploy units of the regular army inside the town.

Syria has insisted the troops that will enter Zahle *must be under the Syrian* command and that all outlying regions must remain under Syrian control.

President Hafez Assad was reported to have told a Lebanese Moslem delegation which visited him in Damascus on Monday that Syria will never compromise about Zahle because the Bekaa Valley, of which the town is the provincial capital, is directly related to Syrian national security.

As the clashes intensified, Mr. Camille Chamoun, former President and Christian rightist leader, issued a declaration urging the militias and the regular Lebanese Army to join hands so as to "expel the Syrians from the country for good and to rid Lebanon" of what he called "the Palestinian germ."

Israel encouraged by Haig visit

BY DAVID LENNON IN TEL AVIV

ISRAEL is very pleased with the response of U.S. officials to its request for economic assistance presented during the visit here of Mr. Alexander Haig, *the U.S. Secretary of State.*

Faced with an annual debt servicing bill of $700m (£322.5m) which is expected to rise to $1bn by 1984, Israel pressed the visiting American team to improve the terms of the annual $2.2bn military and economic aid package and to help it market its military products abroad.

Without making any formal commitments, Mr. Haig and his team gave the Israelis the impression that he would recommend a favourable view to be taken of these requests. He also supported the start *of detailed* discussions on aid very soon, possibly as early as next week when Mr. Yoram Aridor, the Finance Minister, visits the U.S.

Treasury officials here emphasised that Israel is not asking for a rescheduling of past loans which have left Israel owing $9bn to the U.S. What it is seeking is an increase in the grant element of future aid packages from $500m to $700m and better terms for the loan element by subsidising the interest rates.

Mr. Dan Halperin, the Israeli Economic Minister at the Israeli Embassy in Washington, explained here: "We are not debating the size of the aid, though we ask for more. But we are convinced that we are *entitled to more comfortable* treatment regarding the conditions of payment."

He stressed that, at present, almost all of the annual $785m economic aid loan has to be spent on debt servicing.

Arguing that an economically and militarily strong Israel must be a vital element in the Reagan Administration's regional security plan, Israel also asked the U.S. to help it sell weapons abroad.

It also asked that about $500m of the next military aid allocation be freed for local use rather than having to be spent in the U.S. Financing new local orders with U.S. aid money would help the country's military industrial sector at a time when mounting inflation has forced Israel to curb its defence budget, *it was argued.*

The Haig team promised to give these requests positive consideration. But, it is not yet known how it responded to Israel's requests that the U.S. provide $600m as a grant to cover the purchase of a squadron of F-15 fighter aircraft which Washington had offered to sell to offset the sale of similar aeroplanes to Saudi Arabia.

Mr. Haig yesterday flew to Saudi Arabia from Oman, where he is to have talks on Gulf security with King Khaled.

Meanwhile, 1.5m out of the 2.5m Israeli voters went to the polls yesterday to select their representative in the Histadrut labour federation. The trade union poll is regarded as a dress rehearsal for the June 30 *general election.*

Iran newspaper closed after slander accusation

BY TERRY POVEY IN TEHRAN

ONE OF Iran's major daily newspapers was ordered to close yesterday, accused of slandering the country's radio and television authorities.

Mr. Reza Sadr, managing editor of the "Mizan," has been *imprisoned* and a *Justice* Ministry official responsible for the case said that "the closure of this newspaper will help stabilise" the Islamic Republic.

President Abolhassan Bani-Sadr, however, commented that "past experience shows that suppression of the Press is a prelude to the establishment of a dictatorship."

The Mizan, a 100,000 *circulation* morning daily, is published by Mr. Mehdi Bazargan, Iran's first post-revolution Prime Minister. It represents largely the anti-fundamentalist views of Mr. Bazargan's Iran Freedom Movement, many of whose members served in the provisional government under him.

Mr. Sadr was one of these, serving as Commerce Minister for more than a year until the formation last summer of the present Cabinet under Premier Mohammed Ali Rajai.

According to Mr. Mir Abedi, Justice Ministry investigator, Mizan had published "two insulting editorials." One of these, he said, had accused "all *the people working in the radio* and television company of being communists." Mizan has several times charged that supporters of Iran's pro-Moscow Tudeh Party have infiltrated radio and TV and other institutions under fundamentalist control.

"These people, in their editorials, have said that the law is not being carried out and we therefore wanted them to be the first on whom the law was implemented," said the investigater.

Australian wages linked to cost of living rises

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA'S centralised wage fixing system, which has been under review for the past year, entered a new phase yesterday as battle lines were drawn for the campaign for a 35-hour week which is sweeping the country.

The Australian Arbitration Commission announced it would award Australia's 6m wage earners an automatic pay rise every April of 80 per cent of the rise in the cost of living for the *previous six months.*

Wages would again be considered each October when unions, employers and the Government would have the chance to argue before the commission their cases for or against further pay rises.

The commission also announced yesterday that it would no longer hear cases for a shorter working week based on productivity agreements between unions and employers. This is a setback for the Australian Council of Trade Unions (ACTU) campaign for a reduction of working hours from the present 40 a week to 35.

The commission's decision means that unions will have to negotiate for shorter working hours with individual employers instead of obtaining an industry-wide ruling from the arbitration commission.

The commission has agreed to *bear the cases in progress for* the aluminium, glass and power industries but no new cases will be heard.

However, employers and the Government (which has vigorously opposed the shorter working week) hope the arbitration commission's decision will at least slow the tide. Union leaders, meanwhile, have predicted increasing industrial unrest as individual groups of workers battle with employers for the shorter week.

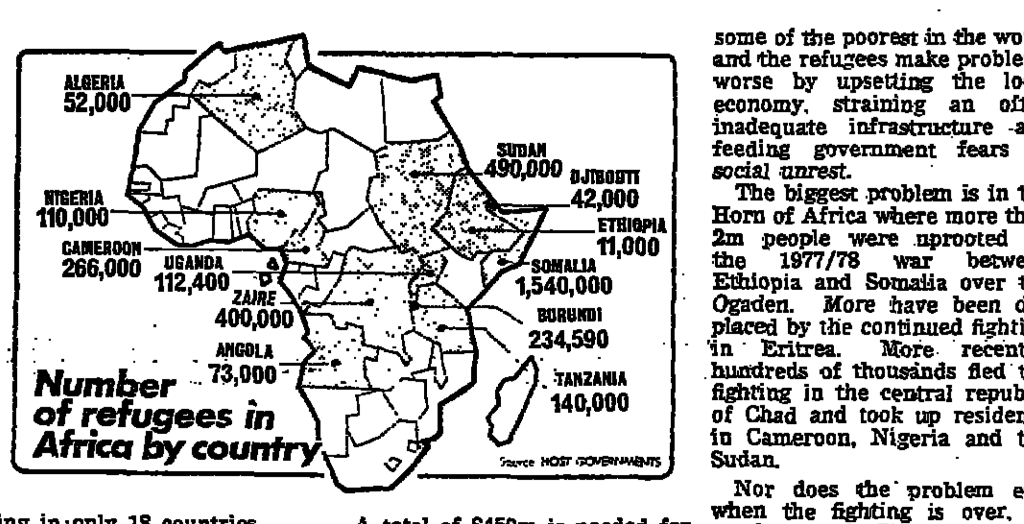
UN talks start on aid for Africa's refugees

BY MARK WEBSTER

THE LINE of silent, ragged people stretched out for more than 100 yards. Equipped with an odd assortment of pails and plates, they collected a dollop of the familiar mixture of meat stew and rice from the locally recruited helpers of the United Nations High Commission for Refugees.

Those refugees were in Cameroon, victims of the bitter *civil war in neighbouring Chad,* but they are typical of others all over Africa. To draw attention to their plight, the High Commission has sponsored a conference which opens in Geneva tomorrow.

Figures on refugees in Africa tend to be unreliable because of the large numbers involved, their inaccessibility in remote corners of the irrespective countries, their rapid movement and the host government's tendency to inflate statistics to get more aid. But their numbers are great and growing. In 1970 there were an estimated 750,000 refugees in Africa, today there are more than 5m. More than 90 per cent of them are sheltering in only 18 countries.



The UN countries attending tomorrow's conference will be asked to provide a total of $1.1bn (£507m) for the refugees. Of that, the UN says, $69m is needed for emergency aid to provide *food and shelter* in addition to the money already pledged by host governments and multilateral agencies.

A total of $450m is needed for what the UN calls "priority programmes" such as education, health and sanitation, agricultural development, social welfare and transport.

The refugees frequently live in *appalling* conditions after being driven from their homes by war or natural disasters. The host countries are themselves some of the poorest in the world and the refugees make problems worse by upsetting the local economy, straining an often inadequate infrastructure and feeding government fears of *social unrest.*

The biggest problem is in the Horn of Africa where more than 2m people were uprooted by the 1977/78 war between Ethiopia and Somalia over the *Ogaden. More have been* displaced by the continued fighting in Eritrea. More recently, hundreds of thousands fled the fighting in the central republic of Chad and took up residence in Cameroon, Nigeria and the Sudan.

Nor does the problem end when the fighting is over, as can be seen in Zimbabwe. More than 200,000 people fled the fighting in Zimbabwe before independence and are returning now to find their homes destroyed and their lands left fallow. The problem is even greater in countries without the relatively well-run administration of Zimbabwe, says the High Commission.

President Ne Win: private sector investment minimal since he took power

Burma hunts for funds to spur new growth

By David Housego, Recently in Rangoon

BURMA, which over the last five years has achieved rates of growth unprecedented in its post war history, now faces difficult problems of raising funds to sustain its investment plans.

Since President Ne Win began to look abroad for finance to boost the economy in 1976, Burma has raised some $300m-$500m a year on average, thus sharply increasing its outstanding debt from $300m in 1975 to $1.8bn at the end of March.

Most of this has been in concessional loans but it also includes substantial suppliers credits and a $38.5m syndicated loan arranged by Chase Asia.

As a result repayments *of* principal and interest last year accounted for 29 per cent of export earnings—a proportion that puts limits on further borrowings except on the most concessional terms.

Foreign borrowings and grants account for over half of public sector investment which after a decade of stagnation has been rising *at an average* of 43 per cent a year since 1975. Private sector investment is minimal as a result of the wholescale nationalisation that occurred in the years after President Ne Win took power in 1962.

The Government is hard pressed to allocate further funds from domestic resources because of the drain on the budget from the communist-backed insurgency and the difficulties of raising fresh taxes or removing subsidies in the still officially *proclaimed socialist economy.*

The sharp inflow of foreign capital since 1975 has been the main factor behind the 6 per cent average annual growth achieved since 1975. *Preliminary estimates* put the growth for the fiscal year ending March 1981 at over 8 per cent. In the decade prior to 1975 the annual growth rate failed to keep pace with a yearly population increase of 2.2 per cent thus bringing a real decline in living standards.

The much higher rates of growth have in part been possible because Burma with its large resources of fertile land around the Irrawaddy basin, teak forests and extensive deposits of minerals *including tin, lead, zinc,* copper and gems, is potentially one of the richest countries in South-East Asia.

But though total exports have been growing as well, the $500m achieved last year was still only a fifth in monetary terms of pre-war levels.

There is no sign of the regime abandoning its policy of self-sufficiency. But the country's need for funds has prompted speculation of the regime accepting a further relaxation to permit foreign investment.

Reagan may campaign for his economic package

BY DAVID BUCHAN IN WASHINGTON

THE WHITE HOUSE plans to mount a big publicity campaign for the Reagan economic package as soon as the President is out of hospital. The aim is to head off gathering momentum by opposition Democrats who want to change radically the composition of the tax and spending cuts.

Democrat leaders in the House of Representatives started work yesterday on their own alternative to the Reagan plan. In the coming 1981-82 fiscal year, they would provide for bigger spending cuts, a smaller tax cut and thus a much reduced budget deficit from that forecast by the Administration.

Representative James Jones, chairman of the House Budget Committee, has suggested a smaller tax reduction in 1981-82 that would amount to a $30bn net tax cut compared to the $51bn reduction requested by the Administration. Since Democrats still control the House, the Jones tax plan, or something similar, stands a good chance of passage.

The Budget Committee yesterday voted 17—13 to reject Mr. Reagan's 1982 budget totals, which call for spending of $695.3bn and revenues of $650.3bn.

Mr. Reagan: appeal on television planned

Soon after the President leaves hospital, he will make a television appeal for his tax cut plans which include a 30 per cent reduction in personal income tax spread over three years. According to Mr. James Baker, the White House chief of staff, Mr. Reagan wanted to make his speech before April 15, the deadline for tax returns when all American minds are bent to tax issues. But complications following the assassination attempt, such as the President's recurrent high temperature, might postpone this, Mr. Baker said.

According to opinion polls and soundings taken on Capitol Hill, the White House has concluded that its tax cut plan has far less popular support than Mr. Reagan's proposed federal spending cuts. This is put down to the fact that people are worried that the inflationary effect of big tax cuts and budget deficits might erode the benefit of tax relief.

The White House has refused to rule out that Mr. Reagan might veto a congressionally approved tax cut which fell short of his own proposal.

However, some Democratic doubts about the Reagan tax cut plan are shared by Republicans including the key figure of Senator Robert Dole, chairman of the Senate Finance Committee.

U.S. to continue help for IADB

BY HUGH O'SHAUGHNESSY IN MADRID

A SENIOR official of the Reagan Administration assured the Inter-American Development Bank yesterday that the U.S. would honour its commitments to the bank's capital-raising programme.

Mr. R. T. McNamar, Deputy Secretary to the Treasury told the bank's annual meeting in Madrid that Washington continued to support the concept of multilateral development banks. But he offered no pledge that the U.S. Administration would maintain its massive help to such agencies.

"This will not be an easy year for foreign assistance," he said, adding it was only realistic to assume that foreign *assistance would be cut.*

Mr. McNamar suggested that the Bank should increase its lending to private sector enterprises and banks and persuade the governments of Latin America and the Caribbean to follow market-oriented economic policies and development strategies.

For Britain Mr. Neil Marten, Minister for Overseas Development called for further concentration of the bank's lending on the farm sector and on simple schemes to benefit the poorest strata in society. Mr. Marten did not, however, follow Mr. McNamar's lead in restating a firm and blunt commitment to conservative policies.

Overshadowing the meeting is the unresolved question of whether the U.S. will decide to take a more minor role in the *affairs of the Bank, leaving* greater initiative to European countries such as France, Germany and Spain which have in the past expressed keen interest in increasing their commitments to the IDB.

The whole question is to be discussed at an extraordinary meeting of Bank governors to be held in October. The increasing European interest in the IDB, however, is to be symbolised by the holding of one annual meeting in four in Europe.

The Reagan Administration's resolve to break with the domestic economic policies of the past was restated by Mr. McNamar who insisted that the growth in federal spending would be cut, individual and corporate taxes reduced, the money supply increased cautiously and "Government imposed barriers to investment, production and employment reduced."

Jamaica hopes aid donors will provide $100m more

BY CANUTE JAMES IN KINGSTON

THE JAMAICAN Government expects to receive an extra $100m (£46m) in aid from the donor countries of the Caribbean Group for Co-operation in Economic Development, Mr. Edward Seaga, Jamaica's Prime Minister and Finance Minister, has said.

The group, which includes the United States, Britain, Canada, West Germany and France, met in Kingston recently under the sponsorship of the World Bank. It pledged $350m *in aid, conditional on* agreement being reached with the International Monetary Fund on a three-year credit programme.

An agreement in principle was reached with the IMF last week, under which the fund will provide Jamaica with credits worth almost $700m over *the next three years.* The agreement is expected to be ratified by the IMF board on Monday and will release a backlog of other loans totalling about $900m needed by Jamaica's battered economy.

Venezuela dispute with Guyana to continue

BY KIM FUAD IN CARACAS

VENEZUELA AND *Guyana* have nine months in which to reach a bilateral settlement of their 80-year-old territorial dispute *following refusal* by both sides to extend a 12-year moratorium on the issue which expires in June next year.

Mr. Forbes Burnham, the Guyanese President, said at the end of a two-day official visit to Caracas that his country would not cede an inch of the *61,500* square miles "Essequibo" region which Venezuela claims

Just 24 hours after Dr. *Burnham flew back to Georgetown,* Venezuela's President, Sr. Luis Herrera Campins, issued a communique denying reports *of a six-year extension of* the moratorium. The communique reiterated claims to the Essequibo, which forms two-thirds of neighbouring Guyana.

The two countries must now seek bilateral settlement of the disput by December or resort to international arbitration of the issue upon expiry of the moratorium.

Setback for Canadian bilingualism

Canada's Supreme Court has ruled that municipalities *may continue to operate in* one language and do not have to be bilingual, Victor Mackie reports from Ottawa.

The decision follows a request from the Quebec Government seeking clarification of a previous ruling

Salvador promise

President Napoleon Duarte of El Salvador said in an interview published in Paris yesterday that he would never accept direct participation by U.S. troops in the conflict in his country, Reuter reports. Sr. Duarte said elections for a National Assembly would be held on the first quarter of 1982 and presidential elections in 1983.

Belize conference

British and Belizean officials yesterday held the first plenary sessions of the London conference called to design an independence constitution for the colony. The conference, which began on Monday, is going ahead without Belize's Prime Minister, Mr. George Price, who has remained in the colony following strikes in protest at plans for independence.

Detroit in distress: the White House strolls to the rescue

BY IAN HARGREAVES IN NEW YORK

"YOU CANNOT measure the effect of this thing in numbers. Everybody in this industry just feels as if oppressive and unsympathetic government regulations are killing our ability to be creative and to focus our energy where it should be focused—in the market."

That, as precisely as it can be recalled at a year's distance, was the response of a senior Ford Motor Company executive in Detroit to the question: "Why are you so upset about government regulation of the industry?"

At that time, Ford had just surfaced, victorious, from a criminal law prosecution about its responsibility for allegedly faulty design in its Pinto cars, some of which had exploded when hit from the rear. And the company was just about to start fighting a possible recall order by the National Highway Traffic Safety Administration, which would have meant the company recalling 16m vehicles. Ford won that one too, agreeing only to make minor dashboard changes rather than redesign the automatic transmission which the agency charged sometimes sprang from park to reverse.

The industry, in short, felt it was under siege, not just from imports which were gobbling up more than a quarter of the market, but from a government which was distracting management and adding costs during the biggest *financial* crisis and re-investment programme in the industry's history.

Yesterday's formal reactions from Detroit were restricted to the *formulae of* "very encouraging" (Ford) and "a sensible step" (General Motors) because, frankly, the changes proposed yesterday by Vice-President George Bush are *not going to have much immediate* impact either on the industry's finances or its burden of form-filling and inspections.

The real sigh of relief occurred in private when Mr. Reagan was elected and it immediately became obvious that he would appoint people to the key regulatory agencies who have a track record inside industry rather than as consumer advocates.

A good example is at the National Highway Traffic Safety Administration itself, where the vigorous Ms Joan Claybrook was quickly ousted in *favour of Mr. Raymond Peck, a* 41-year-old lawyer whose most recent job was with the coal industry's trade association in Washington, where he specialised in fighting over-regulation.

Ms. Claybrook, whose parting shot from office was publication *of a five-year strategy proposing* 56 pages of new motor industry regulations, said yesterday the Administration's plans would not help to solve Detroit's problems, which were fundamentally *how to produce better* cars to compete with the Japanese.

Her battlecry has always been that the U.S. has the lowest motor accident rate per capita of any developed country largely because of its vigorous regulatory regime. She also says *safety standards have added* only 2 per cent to the costs of cars in the past seven years.

Ms. Claybrook also forecast that many proposed changes, especially those on air pollution, *would be fought in the courts* and their impact further fragmented.

Environmentalists, however, were not optimistic about reversing the anti-regulatory drift in Congress. "I'd say the prospects are real grim," said Joyce Kinnard, a lawyer with *the Centre for Auto Safety.* "Regulation is being used as a scapegoat for the industry's problems."

The communications gulf between the regulators and *regulated thus became a chasm,* something which had to change as the national focus switched from suspicion of big business to appreciation of the need for economic revival.

The swing of that pendulum had, however, begun under President Jimmy Carter, who *authorised several relaxations* in, for example, emission standards, in response to pleas from a troubled Detroit.

The Bush task force has, in practical terms, taken that *process a significant step* further by creating more time to examine the major regulatory issues facing the industry.

On lorry exhaust standards, for example, the industry wants to pursue a solution which stops short of fitting catalysts to all new vehicles and making *them use unleaded fuel—as is* already the case for new cars. Ms. Helen Petrauskas, head of the emissions office at Ford, said yesterday the industry could achieve almost identical *standards without fitting catalysts,* which Ford anyway feels are probably not durable enough for use in large lorries.

On one point, Ford and Chrysler at least must feel they have fought a losing battle: restraints upon Japanese car imports.

"We will stop well short of telling the Japanese what we think they should be doing," said Mr. Bush on Monday. As far as Ford, the most energetic campaigner on the imports issue, is concerned, that is as good as saying nothing.

The industry, which lost $4bn last year, is being offered no significant short-term relief. Capital cost savings of $1.4bn over five years, as envisaged in the Bush proposals, is of small importance in this context.

What the industry must now hope is that Mr. Reagan will deliver on his even more important promise to revitalise the American economy without inflation. If that happens, the bitter struggle about deregulation will be something you won't hear much discussed in Detroit *or anywhere else.*

● **John Griffiths adds:** European car manufacturers suggested yesterday that the measures were unlikely significantly to help or hinder exports to the U.S. *There may, however,* be small cost savings.

Wednesday's proposals are being particularly welcomed by Rolls-Royce, which has been unable to meet the consumption standards and whose cars in the U.S. currently carry a purchase surcharge. Despite this it has been increasing its sales.

BMW, which sold 34,500 cars in the U.S. last year—7.2 per cent up on 1979—yesterday estimated it could cut the cost of bumpers and suspension units by 25 per cent now collision standards have been relaxed.

It is ironic that Japanese manufacturers, *who have* penetrated the U.S. market most deeply—their vehicles took 21.3 per cent of total imports of 26.7 per cent last year—have had to make least effort of all to comply with *U.S. legislation.* For Japan's own safety and emissions regulations are even more stringent.

'Import curbs still necessary'

BY DAVID BUCHAN IN WASHINGTON

THE REAGAN Administration has taken a necessary first step towards pulling Detroit out of its economic trough, but must negotiate some restrictions on car imports if it wants to head off protectionist legislation against Japan, a key Republican Senator warned yesterday.

Senator John Danforth, *right,* chairs the Senate's trade subcommittee, and with Senator Lloyd Bentsen, a Democrat, has introduced a bill to cut back imports from Japan from 1.9m last year to 1.6m under a three-year quota system.

Congressional staff forecast yesterday that enough support for this Bill existed for it to be voted out of committee and on to the floors of House and Senate, at some time from mid-May, if Japan has not offered to restrain car shipments by then. A key date is the visit to Washington by Mr. Zenko Suzuki, the Japanese Prime Minister, on May 7-8, which has become an informal deadline for Japanese action.

The Administration had been deliberately non-committal in publicly asking Japan to restrain car shipments. Nevertheless, it clearly expects Japan to take some action off its own bat. In a Monday interview, Mr. Drew Lewis, the Transport Secretary, noted that Washington "would certainly like to have fewer Japanese cars coming in."

WORLD TRADE NEWS

UK toughens line on Japan trade

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

BRITAIN is taking up a significantly tougher position over how to deal with the UK-Japan trade imbalance, according to indications in a newly released official British document entitled Japanese Arguments on Japan-UK and Japan-EEC Trade.

Released to coincide with the visit to Tokyo of Lord Carrington, but not attributed to the Foreign Secretary himself, the document purports to tell its readers how to "rebut" some of the arguments used by Japanese officials to suggest that the imbalance is either not as bad as it looks or is largely the fault of the European side.

Points taken up include:

- The size of Britain's invisibles surplus with Japan, which is claimed to be far smaller than Japanese figures suggest;
- The allegation that European exporters "do not try hard enough" (which is denied outright).
- The claim that Japanese tariffs are low—which is said to mask the existence of tariff peaks that obstruct some key British exports.

In a section on Japanese non-tariff barriers the report says European exporters to Japan encounter "not only strong domestic competition but also a deterring and at times impenetrable combination of group-affiliation, exclusive trade financing and interlocking directorships."

There is also said to be a "mass of administrative regulations" which only major companies who can afford good Japanese staff are likely to be able to cope with.

The general impression given by the document is that Japan is an exceptionally difficult market to enter and that most of the blame for this situation lies with the Japanese, rather than with the existence of a competitive imbalance between Japan and Europe.

The four-page document bears no attribution to any government department, but appears to represent a consensus of the views of UK diplomats and officials concerned with Japanese trade problems.

Britain was in deficit on its visible trade with Japan last year by £1.12bn—the first occasion on which the deficit exceeded £1bn.

This was the result of a rise in Japanese exports combined with a fall in Britain's exports to Japan. In January this year, both these trends continued. British exports fell 6.9 per cent during the month to £47.4m while Japanese exports to the UK rose 7.2 per cent to £155.6m.

Britain continues to run an invisibles surplus with Japan but the UK side estimates this at £225m in 1979, compared with the Japanese estimate of £932m.

The difference between the two estimates arises from the fact that Japan uses figures for gross expenditure on services whereas the UK figures are net.

A senior British trade official who visited Tokyo recently said he could see no way of substantially increasing UK exports to Japan and felt that any reduction of the imbalance must come through Japanese export restraint.

Despite this, Britain continues to spend heavily on export promotion in Japan. As the document points out, the British Overseas Trade Board devotes about 5 per cent of its budget to Japan, although Japan receives only 2 per cent of total British exports.

Italy asks Arabs for oil-price stability

By James Buxton in Rome

SIG. ARNALDO FORLANI, the Italian Prime Minister, appealed yesterday to the Arab oil-producing countries for a long period of stability in oil prices, to allow the industrial countries to remodel their economies to use less oil, and permit economic growth to resume.

The Prime Minister was opening a seminar in Rome on development through co-operation between the members of OAPEC — the Organisation of Arab Petroleum Exporting Countries and Italy and the countries of southern Europe. OAPEC includes both the Arab members of OPEC and the Arab oil producers.

The three-day seminar, virtually the first of its kind between the Arab oil producers and a group of consuming nations, has attracted many luminaries from the Arab world, including the Oil Ministers of Kuwait, Iraq and Libya.

Its theme is the way in which the southern European states can assist the Arab oil states in economic development, and at the same time become less heavy consumers of the oil states' non-renewable resources of oil.

Italy's initiative in playing host to the conference, jointly organised by OAPEC and ENI, the Italian state energy concern, reflects the fact that after the U.S. and Japan, it is now the industrial country most dependent on the OAPEC states for its oil supplies.

This dependency is likely to continue for most of this decade, not just because Italy has few indigenous energy resources, but because it has been slow to build nuclear power plants and switch its power stations from oil to coal.

While Italy has had considerable success in exporting to the Arab oil states, and good relations with individual states, notably Iraq, warning notes were sounded by the Arab Ministers who spoke at the opening session of the seminar.

Mr. Yusuf Shirawi, Minister of Development for Bahrain, pointed to the Palestinian issue and said that "the atmosphere of tension and war which has prevailed for over 30 years is hardly conducive to the kind of collaboration we are trying to promote."

His view was strongly echoed by Mr. Tayeh Abdul-Karim, the Iraqi Oil Minister and Mr. Abdul-Sal Al-Zagaar, his Libyan opposite number.

Plant sales fall worries Tokyo

BY RICHARD C. HANSON IN TOKYO

JAPAN'S Ministry of International Trade and Industry (MITI) blames troubles in certain key overseas markets and intensified interest rate competition for a sharp drop in plant and equipment exports in the fiscal year ended in March.

Exports were down nearly 30 per cent to $8.7bn (£4.02bn), the worst performance in three years, MITI officials said. Japanese companies were hit hard by the outbreak of war in the Gulf, as well as economic troubles in China.

The most annoying problem, however, has been the stepping-up of competition to subsidise exports of plants in certain countries through low interest official loan packages. A plant is defined as equipment valued at more than $500,000, excluding such items as ships and aircraft.

The Government decided last month to counter the use of "mixed credits" (which combine commercial and official low cost financing) by threatening to match any terms offered by other nations in competition for international tenders. MITI believes that such a strategy will negate the effectiveness of mixed credits in winning plant orders.

MITI claims several cases occurred last year where Japanese companies lost out in plant export contracts because of mixed credits.

A private advisory committee to the division in MITI responsible for plant exports is recommending that Japan halt its move toward "untying" official aid to developing countries.

MITI reaction to these recommendations is expected to be rather cool, especially to those asking that the Government should link natural resource development investment technical aid to purchases of Japanese equipment.

Maruzen Oil signs Iran deal

By Patrick Cockburn

MARUZEN OIL of Japan has signed a nine-month contract with Iran for the supply of 10,000 barrels a day of crude. There is a $1.80 premium on top of the $36-37 official price for the first three months of the contract period starting February 1, but with the usual 60 days' credit available to customers in Iran.

Japan is now satisfied that Iran has the military capacity to defend its main loading terminal at Kharg Island in the Gulf, diplomats say. Attacks by Iraqi fighter bombers have not inflicted serious damage on Kharg during the six-month war.

President Saddam Hussein of Iraq claims, however, that his forces have purposely refrained from launching heavy attacks against Iranian oil facilities because they could hinder peace moves.

Japanese oil companies have now signed contracts for some 210,000 b/d of Iranian crude.

Textiles pact extension urged

BY WALTER ELLIS IN STRASBOURG

EUROPE'S ailing textile industry could benefit from a 10-year extension of the international multi-fibre arrangement (MFA), according to a report presented to the European Parliament yesterday.

The current arrangement between world governments negotiated in 1976, is due to expire at the end of this year. The multi-fibre arrangement limits the importing into the Community of third-country textiles and clothing.

Only this week, the extent of the crisis experienced by textile manufacturers in the EEC was highlighted by the announcement of heavy losses by the French Rhone-Poulenc group.

In Britain, closures and redundancies in the sector are announced almost every week, and there have been serious problems in each of the other Community states in recent years.

The new report — drawn up by Mr. Michael Welsh, a British Conservative MEP, on behalf of the Parliament's committee on external economic relations — considers that it is not yet possible to revert to the free trade pricing principles of the General Agreement on Tariffs and Trade (GATT).

Accelerating job losses in both the textiles and clothing industries mean that a further period of restraint is essential, it says.

America's increasing share of the EEC markets in synthetic fibres is criticised in the report, and the Commission is urged to enter into talks with Washington to remedy the situation.

In particular, it is felt that the U.S. should moderate its exports of synthetic fibres to Europe and open its own market to low cost imports "to an extent which is reasonable to the climate of consumption and exports."

The U.S. did not reduce its tariff on textile imports to the same level as the Community during the Tokyo Round of GATT.

The Commission is also urged to conduct the renewal of MFA on the following principles:

- The foreseeable evolution of consumption within the Community and in each member-state;
- A fair opening up of Third Country markets, whether such countries are industrialised or developing;
- The need to maintain the present level of international trade, but also to favour those exporting countries which are among the poorest.

Lazards ties up loan for Norway rig

By Our World Trade Staff

THE FIRST London financing of a major rig construction contract for the present phase of expansion involving the Norwegian sector of the North Sea has been arranged by Lazard Brothers.

Lazards has brought in five other banks to provide Kladnesmek. Verksted of Tonsberg, Norway with $80m for the construction of a Trosvik Bingo 3000 semi-submersible drilling platform, it was announced yesterday.

The loan covers 80 per cent of the construction costs. The balance is being provided by Rosshavet as a deposit on the eventual purchase of the rig. The Lazards loan will be repaid by early 1983.

NZ offshore hunt speeds up

By Dai Hayward in Wellington

INTERNATIONAL oil companies are scrambling for exploration rights off the New Zealand coast. About 60 companies, including most of the major ones, are competing for licences to explore in selected offshore blocks.

There are three natural gas fields in the area in which prospecting rights are available. The New Zealand state-owned Petrocorp has the right to share in any exploration programme and any oil fields which are discovered.

Korf wins £152m Libya contract

BY ROGER BOYES IN BONN

KORF ENGINEERING, the German-Austrian group, has won a DM 700m (£152m) contract for the supply and construction of an iron-ore direct reduction plant in Libya, the latest in a series of major orders won by German-based concerns in Arab countries.

The contract provides for the building of two Midrex plants each capable of producing some 550,000 tonnes of sponge iron annually. The plants will be paid for in cash and will be part of a large steel works complex being built at Misuratu.

The order was won against stiff Japanese competition, an increasing trend in German business with members of the Organisation of Petroleum Exporting Countries (OPEC).

Last year, a Japanese consortium including Marubeni and Kawasaki had received a letter of intent from the Libyans on the iron ore project. This letter of intent has since run out.

Korf Engineering—51 per cent owned by Korf Steel of Germany and 49 per cent by Voest Alpine of Austria—was also part of a consortium that won a DM 1.2bn order for an electro-steel works at Misuratu last February.

That seems to have influenced the decision to award the sponge iron works to Korf, rather than the Japanese.

The Korf consortium for the plants—Korf owns the Midrex process through its acquisition of the Midrex Corp.—includes the construction company Filfinger and Berger, the MAN engineering group, and the Siemens electrical concern.

BICC in £17m Kuwait cable deal

BY PAUL CHEESERIGHT

BICC, the British power transmission and engineering group, has won a £17m contract from Kuwait for 210 km of supertension cable, which will be installed by 1983, it was announced yesterday.

This follows an earlier order from Kuwait, announced last October, for £7m of cable. At that time BICC had a £20m order from Saudi Arabia for the extension of the power supply system in Mecca and Taif. This order has now been supplemented by a demand for a further £6m of equipment.

These orders for Kuwait and Saudi Arabia are the largest BICC has received for supertension cable. They reflect the extensive demand in the Middle East as development plans calling for further power supplies are followed through.

There is, therefore, the possibility of further orders, provided existing contracts are completed to the satisfaction of the clients.

BICC won its latest Kuwait contract on open tender in the face of competition mainly from France, Germany, Italy and Japan. The competitors had roughly the same proficiency in the technical sense, but it is likely that BICC, quoting in local currency, was hindered in its costing by the strength of the pound.

This hindrance was offset by the improvements in productivity which have taken place at BICC's Erith factory. Output has increased, and the labour force has been reduced from 750 a year ago to between 500 and 600.

BICC said that the orders which it has received have virtually filled capacity this year and for a large part of next year.

The group, the largest in the world dealing with the research, manufacture and installation of power distribution systems, has had a long association with the Middle East and its first sales to Saudi Arabia were made before World War II. It has also been quoting in Kuwait for a number of years.

More generally, BICC is expecting to increase its export sales this year as part of a pattern of growth which sets it against the general trend in British industry. Pre-tax profits for the group in 1980 were £74.6m compared with £65.6m in 1979.

Turkey's export drive picks up

BY METIN MUNIR IN ANKARA

TRADE FIGURES for the first two months of 1981 show that Turkey's exports are continuing to respond to the Government's export drive.

Exports in the January-February period — when sales are normally slack — rose to $717m, nearly 50 per cent higher than the corresponding period of last year.

Officials expect this trend to continue and are taking supplementary measures to urge the traditionally domestic-market oriented businessmen to export more.

The official 1981 export target has been revised upwards from $3.5bn to $3.8bn. Some officials feel that exports may attain the $4bn mark for the first time in Turkish history.

The highest ratio of increase in the two-month period was attained in manufactured goods. These grew by more than 64 per cent to become $248.8m. Mineral exports rose by 50 per cent to $23.9m, and agricultural goods — which make up the bulk of Turkish exports — by 42 per cent to $444.4m.

According to the latest balance of payments estimates the Government submitted to the Organisation of Economic Co-operation and Development (OECD), Turkey will incur a foreign trade deficit of $5.2bn in 1981, some $1bn more than in 1980. Imports will go up from $7.2bn to $9bn.

The Central Bank has recently introduced a streamlined export credit system to provide low-interest rate financing to exporters. Exporters are now able to get credits equivalent to the highest annual amount they attained in the past three years, with virtually no questions asked. The Central Bank provides 65 per cent of each individual loan, 15 per cent coming from the exporter's bank and 20 per cent from the exporter himself.

Japanese motorcycle sales rise 8% to win 87% of market

BY ALAN WRAIGHT

THE JAPANESE share of the UK motorcycle market increased from 79 per cent to 87 per cent in 1980 and for the first time all four of the big Japanese companies have released detailed break-downs of their market penetration.

Total UK moped and motorcycle sales during the year rose from 288,000 to 315,600. Honda's share of these remained fairly static at around 42 per cent. However, it appears that its dominant position could come under strong pressure this year because unlike its competitors it is planning few changes to the existing model range. It said yesterday that it will wait until 1982 to conduct what it referred to as a "sales blitz."

Meanwhile, Suzuki, Yamaha and Kawasaki are concentrating their big sales push on the current year. All have a large number of new models ready for the Motorcycle Show at the National Exhibition Centre, Birmingham, at Easter.

Suzuki hopes to increase its 1981 market share from 21 to 25 per cent, Yamaha from 17 to 25 per cent and Kawasaki from 7 to 15 per cent.

The main feature of last year's market was that Suzuki passed Yamaha to take second position in the market league. This was mainly because of the success of its mopeds, for which the market share jumped from 5 to 27 per cent in the 18 months to December 1980. Yamaha was hit by supply problems caused by the factory's inability to meet a worldwide sales boom.

An analysis of 1980 sales by unit and market percentage shows: Honda 133,400 (121,200 in 1979) and 42.3 (42) per cent; Suzuki 67,600 (43,220) and 21 (15) per cent; Yamaha 53,300 (47,000) and 16.9 (16.3) per cent; Kawasaki 21,900 (15,400) and 6.9 (5.3) per cent.

This year motorcycle sales have been hit by the recession. But the new tax on motorcycles imposed in the Budget produced a rush to buy new machines before April 1. Honda reports that in March it delivered 18,000 bikes to dealers, compared with 12,000 in the corresponding period of 1980.

Company director banned by court for four years

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR. VICTOR BRYANT, a director of six UK companies, was yesterday ordered by a High Court judge not to be concerned in the management of any company for four years.

The ban was imposed, on an application by the Secretary of State for Trade, because of persistent defaults by Mr. Bryant of his obligations under company law.

It is the second time in recent weeks that the court has made such an order. Last month three directors in the Gilgate group were disqualified for between two and four years.

Mr. Justice Nourse said Mr. Bryant's default fell into two categories: failure to deliver profit and loss accounts, balance-sheets and auditors' and directors' reports; and failure to make annual returns.

There had been over 100 defaults. Mr. Bryant had been convicted on 14 charges and fined £650.

It was, said the judge, a bad case, aggravated by Mr. Bryant's failure to remedy the defaults between his conviction in January and August last year, when he had been notified that the Trade Secretary was starting proceedings.

The great majority of the defaults had still not been remedied.

Mr. Bryant had offered no assurance that the documents would be delivered, no explanation for the defaults, no assurance that it would not happen again and no expression of contrition, said the judge.

The disqualification was postponed for two weeks to enable Mr. Bryant to make arrangements in respect of a company called Status-Data, of which he is the sole director.

The other companies concerned were Hempcell, Bardsmount, Inter-Europe Finance (Guarantees), Inter-Europe Securities and Garlstar, the last two of which are in liquidation.

Czech charterers found not liable in vessel loss

BY RAYMOND HUGHES

CZECHOSLOVAK charterers of a vessel which disappeared with all hands in the Black Sea are not liable to pay the vessel's owners under a freight contract, a High Court judge ruled yesterday.

Mr. Justice Robert Goff, in the Commercial Court, allowed an appeal by charterers Kerametal against an umpire's ruling that they must pay $45,524—75 per cent of the freight contract—to Compania Naviera General.

The vessel, the 7,000-ton Lorna I, sailed from Durres in Albania on December 7, 1977, carrying 6,634 tonnes of iron nickel ore, bound for Sulina at the entrance to the Danube.

She entered the Black Sea on December 10. That night there were force nine gales and she disappeared with the loss of all her 20 crew. Wreckage was washed ashore near Istanbul on December 15.

The judge said the dispute turned on a clause in the contract that 75 per cent of the freight was payable within five days of the signing of the bills of lading.

The bills were signed on December 6. The arbitration concluded that vessel and cargo had been lost by 23.59 hours on December 11, and it was common ground that the charterparty was frustrated before that time.

The charterers said that the freight had not become due to be paid until after the expiry of five days from the signing, by which time the contract had been frustrated. The owners said it became due on signing, and payable within five days.

Rejecting the owners' argument, the judge said that the clause did not say that the debt arose at one time and the obligation to pay at a later time.

When there was a contract provision that payment should be within a certain period after a certain event, there was no breach of that obligation until the expiry of that period.

Tax on sick pay schemes 'would lead to hardship'

BY ERIC SHORT

THE Government's proposals to tax benefits paid under insurance pay schemes would lead to hardship for manual employees and a rise in Supplementary Benefit claims, the Crusader Insurance Company, a leader in the field of insurance sick pay schemes, said yesterday.

In a submission to Sir Geoffrey Howe, Chancellor of the Exchequer, Crusader criticised the Government for not distinguishing between genuine sick pay schemes and those designed as tax avoidance devices.

The company said it was wrong to penalise the genuine sick pay schemes which were not used to avoid tax.

Under the present system sickness benefits are paid free of tax for at least a year. The Finance Bill proposes to end this arrangement.

The Inland Revenue admits that its action is being taken because of the proliferation of schemes set up to avoid tax.

Benefits sought for self-employed

BY ERIC SHORT

RADICAL CHANGES in the national insurance arrangements for the self-employed are called for by the Consultative Committee of Accountancy Bodies.

In a memorandum* to the Department of Health and Social Security it calls for earnings-related additional pensions, eligibility for unemployment benefits and industrial injuries benefit. It also wants contributions to be fully earnings-related to the upper earnings limit and for the equivalent of the employer's contribution to be tax deductible.

The Government is reviewing the position of the self-employed. Last year it issued a consultative document setting out the position, its defects and possible changes.

* The Self-Employed and National Insurance, Publications Dept. P.O. Box 433, Chartered Accountants Hall, Moorgate Place, London EC2P 2BJ, ref. TR430, with a stamped addressed envelope.

THE NEXT GENERATION OF HEAVYWEIGHT TORPEDOES

BY MICHAEL DONN

Turning the screw for Marconi Defence

WHEN Mrs. Margaret Thatcher, the Prime Minister, opens the underwater weapons factory of Marconi Space and Defence Systems at Neston, Cheshire, on Friday, almost certainly she will be given a brain-washing on the merits of Britain buying British as opposed to American for its next generation of heavyweight torpedoes.

To have won Mrs. Thatcher for the opening ceremony is undoubtedly a coup for MSDS. In recent months the company has been fighting in Whitehall for a contract that could not only bring perhaps as much as £500m-worth of business in heavyweight torpedoes over the next decade or more, but which would also ensure the continuance in Britain of heavyweight torpedo technology for many years beyond that.

Battle

The battle is between MSDS, which manufactures the Stingray lightweight torpedo, and the U.S. company Gould Incorporated, whose Ocean Systems Division makes a heavyweight torpedo, the Mk 48, for the U.S. Navy.

At stake is an order from the Royal Navy for a new fast and deep heavyweight torpedo to meet the increased capabilities of advanced enemy nuclear-powered submarines from the late 1980s into the next century.

The RN some time ago issued a "requirements document," the Navy Staff Requirement (NSR) 7525. This set out the performance specifications it wanted.

As a result, two approaches are being considered by the Ministry of Defence. These are manufacture of a new heavyweight torpedo in the UK or purchase of a U.S. weapon.

The Ministry of Defence is considering whether to manufacture a new heavyweight torpedo in the UK or to buy a U.S. weapon.

From the UK side Marconi Space and Defence Systems has submitted its plans for a new heavyweight torpedo. On this a substantial amount of work has been done in conjunction with Admiralty Underwater Weapons Establishment, Portland, and other UK companies such as Sperry Gyroscope.

Three underwater test vehicles, known as TVX, have been developed and tested, at a cost of several million pounds. It is claimed that TVX will help the development of both lightweight air-dropped and heavyweight submarine-launched torpedoes. MSDS plans the Neston factory as a major source of underwater weapons production through to the end of this century and beyond.

The UK companies headed by MSDS argue that they are more than capable of developing the necessary weapon to meet the NSR-7525 specification.

They say that if the Ministry of Defence selects UK contractors the value of the contract will all be retained in this country, and that the ability of UK manufacturers to compete in other overseas markets in the years ahead will be enhanced.

Against this, Gould of the U.S. has offered the UK a highly advantageous deal involving an improved version of the Mk 48 (the Advanced Capability, or Adcap) system.

As part of this offer Gould, through Ocean Systems Division, is virtually guaranteeing to the UK at least 35 per cent of the value of the contract (or about £175m) in offset work on the Mk 48 torpedo itself.

Added to this is the possibility of much further offset work on both the Mk 48 and other weapons programmes, perhaps amounting eventually to 10 per cent or even more of the value of the Royal Navy's requirements.

This work, for example, could include co-production of the Mk 48 Adcap weapon not only for the Royal Navy but also for the U.S. Navy and other foreign navies.

Associated with this could be opportunities for British industry to develop outlets for its other defence products through the various divisions of Gould in the U.S., including electronics.

Effort

Other areas of possible offset work could include the commercial licensing of non-military products; the direct purchasing of raw materials, machine-tools, test equipment and other items by Gould in the UK; the use of Gould's marketing information and services to help British industry to sell its military products overseas; and help for British companies to break into the U.S. market.

Gould says it has made a concerted effort to help several British companies become involved in the U.S. Navy Mk 48 torpedo programme, with more than $3m-worth of business being considered for possible contracts.

Another element in the Gould offer is that it would be ready to represent MSDS itself in the U.S. in seeking a U.S. Navy order for the British Stingray lightweight torpedo, against competition from Honeywell.

This, it is claimed, would help to make the Stingray the best and probably the most successful lightweight torpedo in the world.

In all this the Ministry of Defence has shown no open preference for either Gould or MSDS. Both parties are having to fight hard all the way.

In its present cost-conscious mood the Ministry is deeply interested in the Gould offer. But at the same time the Ministry is highly sensitive to the political aspects of buying American, no matter what offset may be involved, at a time when a UK group is capable of doing the job and when unemployment is high, especially in the Chester and Liverpool areas close to the MSDS Neston factory.

Proposal

The Ministry also remembers the bitter public recriminations last year when the Civil Aviation Authority was authorised to buy Dutch radar for air-traffic control, although British equipment was available.

The public and parliamentary row that would erupt if the Ministry opted for the Gould proposal is clearly a factor in delaying any decision.

On the other hand, MSDS not in too strong a position, its Stingray lightweight torpe has already been sever criticised by a committee MPs for costing substantia more than planned.

Compatible

In all this the Royal Nav view has not been publi expressed. Privately it understood the Navy would just as happy with the U.S. I 48 Adcap weapon as with MSDS weapon, provided eit did the job it wanted done was available on time.

Trials late last year in U.S. with Mk. 48 torpedoes the RN's submarine Spar showed that the U.S. weap was compatible with Brit handling equipment and load procedures, and that it could readily integrated into existing British fire-cont systems.

The final choice therefore likely to be made for polit as much as for military economic reasons. This is the MSDS team hope that wl Mrs. Thatcher visits Neston t can convince her that in sp of the undoubted attractiven of Gould's offer the final cho for the heavyweight torp should be in favour of the industry.

Heseltine may delay publication of figures

By Robin Pauley

THE 1981-82 English and Welsh local authority budget returns are unlikely to be published by the Environment Department until after the county council elections on May 7.

One factor behind the delay is thought to be the concern felt by Mr. Michael Heseltine, the Environment Secretary, about the impact the figures could have at the polls.

The figures—for what councils feel they need to spend in the 1981-82 financial year—are expected to show a bog overshoot on Government spending targets, especially by the predominantly Conservative-controlled shire counties.

The Treasury predicted in January that councils might miss the targets by up to £1bn. This is now regarded by the Treasury as conservative. The picture emerging as the budgets come into the Environment Department suggests the outcome could be up to £1.2bn.

Mr. Heseltine is believed to be appalled by the level of overshoot and very concerned about the possible consequences if it is widely known that the Tory county councils are largely responsible.

The Conservatives control every shire county in England except Durham. Party leaders have already warned that the election battle will be tough and they could lose control of up to 17 or 18 counties in May, leaving many with no overall control.

If actual spending reached £1.2bn, the overshoot would be nearly 8 per cent. Councils are supposed to be trimming their expenditure in volume terms to 5.6 per cent below their actual expenditure in 1978-79.

Expenditure, however, is always well below the budget estimates, which tend to be pitched at the maximum levels councils feel they may have to spend. But 8 per cent is nearly double the percentage overshoot which can normally be expected to become absorbed during the run of a financial year. There is no hope, therefore, of local government finishing 1981-82 on target and up to about 70 councils seem certain to be penalised when the figures are announced.

The figures will show that counties, including the metropolitan counties, account for about £600m of the overshoot in spite of the fact that the shire counties received extra money in the last rate support grant settlement at the expense of London and the cities.

In spite of this extra money, every county except one has overshot the target.

The metropolitan districts are at least £350m over and the shire districts, including a good number of Tory councils, are about £150m to £200m adrift.

Neddy chief attacks Government industrial policy

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

CRITICISM of the Government for not having a "coherent long-term objective" on industrial policy was issued yesterday by Mr. Geoffrey Chandler, director-general of Neddy, the National Economic Development Office.

In the most outspoken of a series of attacks he has delivered in the past 18 months, Mr. Chandler said the Government could not escape some responsibility for directing the course for British industry.

At present, he said, "we simply run the risk of having the worst of all worlds by proclaiming a policy of non-intervention in word while intervening massively in deed."

Mr. Chandler called on industry and Government to be prepared to "pick winners." He also criticised the agenda of the institution he serves, the National Economic Development Council, for being defective in that it did not deal adequately with the issues of wage-bargaining and overall economic policy.

Mr. Chandler's views are not in line with those of the Government. However, Ministers have not attempted to stop him making critical speeches since he began calling for a more positive industrial policy in November 1979.

The tone of yesterday's speech, which was delivered to a seminar in London, was sharper than previously.

"Britain is said to have acquired an empire in a fit of absence of mind, that is, by a series of ad hoc responses to short-term stimuli. We are in danger of acquiring an industrial policy in the same way," he said.

"This is not to quarrel with the decisions to support British Steel, BL and now ICL. There are different imperatives underlying each.

"But to do so without a coherent, long-term objective, without knowing where we want to be in 1985 or 1990, can lead either to running down too fast, or maintaining at too high a level, or maintaining without transforming.

"Let us not imagine that we do not today have an industrial policy, if by policy we mean — and I think we should — the extent and manner of Government intervention in industry." But what was happening was "the worst of both worlds."

Some 60 per cent to 70 per cent of Government assistance to industry in 1980-81 went to declining sectors such as steel and shipbuilding, while the remainder went to growth areas like electronics.

An "intelligent and reasoned framework" of priorities was needed which showed "some concept of an industrial pattern of the future." It should be based on a "time-frame appropriate to industrial imperatives, not that of an annual budget."

Mr. Chandler acknowledged that Governments, civil servants and committees "should not and cannot pick ultimate winners." But they should not shut their eyes to areas where they could help companies to make the right decisions.

£250m LIVERPOOL STREET PLAN

Rail station development to go ahead

BY MICHAEL CASSELL

Sir Robert Lawrence

BRITISH RAIL Property Board will go ahead with plans for a £250m redevelopment scheme at London's Liverpool Street station.

The proposals involve the integration of the Liverpool Street complex with the adjoining Broad Street station and include the provision of 1.2m square feet of offices and 30,000 square feet of shops.

Redevelopment of the station site has been under consideration since the early 190s and the Property Board, which manages British Rail's property affairs, obtained outline planning permission for the latest schemes in 1979.

Plans have not progressed, however, because of uncertainty surrounding liability for development land tax (DLT) arising out of any redevelopment.

There have been fears that the amount of DLT due would make the plans commercially unviable. The Property Board has been suggesting that in assessing its tax liability it should be allowed to offset the operational railway content of the scheme against the commercial element involved.

Sir Robert Lawrence, chairman of the Property Board, said in London yesterday the Board had been advised that, as the project covered commercial and operational works, and that there was an obligation to carry out the scheme as an integral development, the DLT liability was likely to be less than the Board had expected.

The Board is applying for an advance assessment of the likely level of tax under a clause contained in the Finance Act 1980 in an attempt to establish the extent of DLT liability.

Sir Robert added: "We still have to prove to ourselves that the scheme is viable and that the necessary funding is available but the outlook has changed and we would hope to be able to start work in 1982."

The scheme, which involves closing Broad Street as a separate terminal and retaining some buildings of architectural importance, is not likely to be completed until the early 1990s.

The board reported an "exceptional year" in 1980. Its cash contribution to BR rose by £28m and sales of property and land produced £40m gross, against £14m in 1979. A total of 3,482 acres were sold during the year, compared with 2,664 acres in 1979.

Record bankruptcy rise in first quarter

FINANCIAL TIMES REPORTER

BANKRUPTCIES and liquidations increased at a record rate in the first quarter of this year. But at least one insolvency expert is convinced the worst will soon be over.

In the High Court there were 567 bankruptcies and receiving orders in the first quarter compared with 388 a year ago—an increase of 46 per cent.

Officials at the High Court, which deals with about a third of all personal bankruptcies in England and Wales, say that a number of technical factors made the first quarter figure in 1980 exceptionally low.

In the last quarter of the year, for instance, there were 501 receiving orders.

Compulsory liquidations in the High Court for this year's first quarter totalled 836, compared with 684 in the first quarter of last year—an increase of 22 per cent.

Mr. Frank Stansil, of City accountants Hacker, Young, which often deals with bankruptcies, said: "In spite of those figures, I believe that the famous light at the end of the tunnel is in sight and that by the end of this year we shall see a drop in insolvency figures.

"The figures we see now represent what happened at least six months or even 12 months ago. The legal procedure before a bankruptcy or liquidation is incredibly slow and in my opinion there is an increased sense of optimism in the air today which will affect insolvency statistics in the months to come."

The small businessman is taking the full brunt of the storm and the biggest petitioners for bankruptcy and liquidation are Government departments for income tax and VAT.

Mr. Pat Hartigan of Booth White Company, another City firm specialising in insolvency work, said, "These latest figures give no reason for complacency but they have by no means reached disaster proportions."

"Last year about 60,000 new companies were registered. It has been estimated that the total number of traders registered for VAT is about 2m.

"Although things are far from good, there are a lot of survivors about."

Property prices rising again

BY WILLIAM COCHRANE

HOUSE PRICES are beginning to rise again, two of the UK's biggest building societies said yesterday.

Nationwide Building Society calculated that prices rose by an average of 1 per cent in the first quarter of this year after standing still in the previous three months.

Abbey National's analysis of monthly figures showed that prices fell markedly in January, but there was a substantial recovery in February, maintained through March.

Nationwide's latest bulletin adds that the annual rate of increase has now fallen to 5 per cent, the lowest for six years and well below the estimated annual increases in retail prices of 13 per cent and of the rise in average earnings which was 17 per cent.

Mr. Clive Thornton, Abbey National's chief general manager, said: "The annual rate of increase in house prices will probably begin to rise by the middle of the year. While it is unlikely that there will be a sharp rise, the modest recovery should help to restore the confidence of the housebuilding industry."

Three months ago, Nationwide said that the last October-December standstill in house prices marked the first time since 1966 when the building society's quarterly house price index had failed to increase. This was seen as a reflection of the recession, and of the record mortgage interest rates last year.

However, at the end of last month, Nationwide forecast sharply rising house prices by the end of this year. Sir Herbert Ashworth, its chairman, saw signs that the housing market was becoming more active, although with noticeable regional differences.

BOC move in hospital computers

By Jason Crisp

A SUBSIDIARY of BOC International has set up a joint venture with a U.S. company to sell computer systems to UK hospitals. The company, in which BOC has a 51 per cent stake, is British Medical Data Systems and has an initial capital of £2m.

Although BOC's main business is industrial gases, it has subsidiaries in health care and computer and educational services. The joint venture has been set up by BOC's computer services division and Shared Medical Systems of the U.S.

SMS, which employs 1,200 people was formed in 1969 and operates computer systems in 500 U.S. hospitals. The UK venture, which has been conducting market research for two years, will offer three different systems for administration, management and patient records.

British Medical Data Systems says it hopes to announce its first order, to a private hospital, in two weeks.

Fair trading probe into electronic tills

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE Office of Fair Trading is to use its powers under the Fair Trading Act to monitor the introduction of electronic payment and checkout systems in shops.

The move was announced yesterday by Mr. Gordon Borrie, director general of fair trading, who said: "Under the Fair Trading Act I haxe a duty to review commercial activities and practices which may adversely affect the economic interests of consumers."

The use of the micro-chip in retailing was "likely to increase dramatically in the next decade and now is the time to identify the problems which could face consumers."

The OFT plans to set up a working party to consider the impact of electronics on retailing and prepare a report by the end of the year.

Mr. Borrie said the working party "will also need to consider whether changes are desirable, either in the law or by the adaptation of the systems being developed, to ensure adequate information and protection for the consumer and to consider where the costs of these systems will fall."

A number of manufacturers and retailers are carrying out experiments using electronics

Tories to sell surplus GLC property

BY GARETH GRIFFITHS

RATE RISES for the Greater London Council should be limited to the rate of inflation and surplus council property sold, says the Conservative election manifesto for London published yesterday.

Although the manifesto outlines policies for improving transport and speeding up planning procedures, the main thrust of the Conservative document and campaign is aimed against what the party calls "the Marxist threat to London" from the Labour Party. There are no fewer than 17 references to Marxists in the 16-page manifesto.

Sir Horace Cutler, leader of the GLC, said at the launch of the campaign that he hoped national issues would not distract electors away from local issues.

He warned that a Labour victory in London would mean a doubling of the rates in two years.

Record low of 16,800 trucks mad[e] in March

THE CRISIS in the commerc[ial] vehicle manufacturing indus[try] is illustrated by Indus[try] Department statistics publis[hed] today. They show output [in] March at its lowest mont[hly] level for more than 30 years.

The seasonally-adjus[ted] figures for output of comm[er]cial vehicles in March w[as] 16,800, down on the low fig[ure] of 17,400 for February. "[We] have not seen such low mont[hly] totals since the late 1940s," [the] Department said.

The March figure was abo[ut] half the 33,100 for the cor[re]sponding month last year, wh[en] UK market conditions w[ere] reasonably buoyant.

Since then sales ha[ve] tumbled. The Society of Mo[tor] Manufacturers and Trad[ers] expects a further decline t[his] year, taking registrations [of] heavier vehicles, those over [...] tons, to their lowest le[vel] since 1970, from when statist[ics] were first kept in the prese[nt] form.

Short-time working is wi[de]spread in UK commerci[al] vehicle plants, job-losses a[re] common, and Seddon Atkins is closing one of its two plan[ts].

Car production last mon[th] was well above the bottom [of] the trough. At 74,000 units [on] a seasonally-adjusted basis [it] was about the level of Mar[ch] last year.

The bottom of the recess[ion] seems to have been reached [in] December, when car producti[on] was only 57,000 units.

A further decline in sal[es] from 1.51m last year to 1.3[...] in 1981, is predicted. Ho[w]ever, new models should he[lp] output.

Relief sought o[n] textile ruling

THE British Textile Confede[ra]tion has asked the Lo[rd] Chamberlain to moderate [his] ruling excluding large parts [of] the industry from the tempora[ry] relaxation of the rules gover[n]ing the use of royal insign[ia] and photographs.

The industry has alrea[dy] expressed concern that overse[as] competitors will disregard t[he] Lord Chamberlain's ruling.

'Kristal' water

COCA-COLA is to launch [a] mineral water in the UK at t[he] end of the month. It is to [be] called "Kristal."

Ulster investment

THE U.S.-OWNED Hyster Co[m]pany yesterday opened a [...] truck manufacturing plant [at] Craigavon in Northern Irela[nd], the fifteenth it has built in [...] months.

Inquiry adjourned

OPPONENTS of the plan t[o] develop the massive Coin Stre[et] site on the South Bank of th[e] River Thames in London yeste[r]day won an adjournment of th[e] public inquiry into the scheme.

Recession victim

FINK AND SON of Northamp[ton], the 150-year-old leathe[r] and clothing manufacturer, ha[s] closed down because of th[e] recession.

Big redundancies

A FURTHER 300 jobs will be lost at two Coventry machine tool companies, Wickmans, and Webster and Bennett, representing about 20 per cent of the labour force at the factories.

Northants job cuts

THE KETTERING, Northants engineering firm of Whitfield Wylie yesterday announced 2[...] redundancies owing to fall in demand.

Ship-design launch

BRITISH SHIPBUILDERS is introducing a new range of standard container ships. The new designs are to be launched in May.

Under-age drinkers

CHILDREN in five schools have told research workers that they take early morning drinks to steady their nerves, according to a specialist report in Liverpool.

BBC seeks rise

A £50 colour TV licence fee is the only way to maintain the output and standard of BBC programmes, Mr. Patrick Ramsay, controller of BBC Scotland, asserted yesterday.

UK leadership

BRITAIN'S EXPERTISE in computer controlled traffic systems leads the world, Mr. Kenneth Clarke, Parliamentary Under Secretary at the Transport Department, yesterday told a Brighton conference.

Wife repays loan

MRS. CAROLE WARBURG, whose husband Andrew was chairman of the failed Norton Warburg group, agreed in the High Court yesterday to repay £113,051 plus interest, the balance of a £157,500 bridging loan obtained from the group.

£70,000 for painting by Hoffmann

A WATERCOLOUR of a squirrel eating a hazelnut by the 16th century German artist Hans Hoffmann, sold for £70,000 at Christie's yesterday. The anonymous buyer will have to pay an extra 11.5 per cent in premium and VAT. The watercolour, painting in 1578, sold at Christie's in 1976 for £27,000.

Other high prices in an auction of Old Master drawings were the £19,000 from Baskett and Day for The Nativity by Tiepolo and £10,000 for a drawing of four Greek gods by Giulo Romano. The sale totalled £224,770 with just 4 per cent bought in.

SALEROOM

BY ANTONY THORNCROFT

Also at Christie's was an auction of sculpture and works of art. Three important lots failed to find buyers because of doubts by one Continental expert as to whether they were actually as old as their early 13th century catalogue dating. But generally the sale did well, with a total of £431,425.

A group of three mid-12th century Cologne copper gilt and polychrome enamel plaques of saints was bought by the London dealer Robin Syme for £85,000, probably for a national institution. Blumka paid £42,000 for a Florentine renaissance copper gilt reliquary casket of 1446.

A Carlisle woman who came into Phillips with four small panel paintings saw one of them sell for £3,800 yesterday. While the other three had a total value of £40, the fourth was by Frans van Mieris the elder. Top price in the Old Master sale was the £30,000 paid by Colnaghi for a Virgin and Child with Saints from the studio of Giovanni Bellini.

Sotheby's sold Chinese works of art for £456,685 with 21.3 per cent bought in. Bluett bought an archaic bronze ritual cauldron o faround 1,000 BC for £29,000.

Pearson may join TV groups

BY CHRISTINE MOIR

PEARSON LONGMAN, the publishing group, Yorkshire Post and Telefusion, are expected to be members of two consortiums headed by Trident Television, which have applied to the Independent Broadcasting Authority for the franchises to run Yorkshire Television and Tyne Tees Television.

Two other groups are competing for the Yorkshire franchise, but the Trident consortium for Tyne Tees, put together by Kleinwort Benson, appears to be unopposed.

Kleinwort Benson yesterday would not release the names of the Tyne Tees consortium but said there were about 15 to 20 significant participants including several local interests.

It is thought likely that Vaux Breweries and the Hunting Group, which were interested in the franchise in the initial applications round, may be included, together with a couple fo north-eastern local authority pension funds, Pearson Longman and other shareholders in Trident, such as Telefusion and Yorkshire Post.

Mr. James Lee, deputy chairman of Pearson Longman, said the company had allowed its name to be put forward for "up to 20 per cent of Yorkshire" in which Trident also hopes to keep a 20 per cent stake.

He added that "a lot more analysis" needed to be done, particularly in assessing the impact on advertising revenue of the new fourth channel.

A consortium sponsored by the Charterhouse Group, which is also contesting the Yorkshire franchise, includes some northern corporate and institutional shareholders.

Charterhouse approached the IBA for permission to apply only three weeks ago. It had earlier unsuccessfully tendered for the Southern franchise.

The third consortium competing for Yorkshire is headed by Mr. Stuart Wilson, a former Yorkshire Television executive.

Trident has been instructed by the IBA to divest itself of control of Yorkshire and Tyne Tees, which the authority wants to see operated as independent television stations with strong local shareholdings.

Trident has tried to meet the requirements by pproposals to place shares amounting to 80 per cent of each of the two companeis with other groups.

Airline to cut 10,000 more jobs

By Lisa Wood

BRITISH AIRWAYS plans to cut its workforce by a further 10,000 in the next three to five years, to about 43,000, Mr. Roy Watts, the state-owned airline's deputy chairman said yesterday.

Over the past 18 months the corporation reduced its workforce by 5,400 from a peak of about 58,000.

The airline has spoken in general terms before of proposed cuts in staffing levels. However, Mr. Watts's statement in New York was the first to give a possible time-scale.

He said cuts made had been spread across all sectors of the workforce although the greatest reductions were at management level.

Labour costs accounted for about 30 per cent of the airline's total operating costs. By comparison, fuel accounted for about 28 per cent of costs at present but the proportion was expected to increase significantly in the next two years.

The airline said cuts in staff levels were being achieved by early retirement, natural wastage, non-recruitment, and redeployment to other jobs. There were no plans at present for a formal redundancy programme to achieve the target level of 43,000 employees.

Mr. Watts, at the New York Press conference, predicted fuel prices would rise by 15 per cent to 16 per cent this fiscal year, and that the airline would use 8 per cent to 9 per cent less

Cheap fares for domestic flights

BY JAMES McDONALD

BRITISH AIRWAYS plans to cut one-way fares on domestic routes this summer by more than a third.

The special fares, to be available until 24 hours before departure, follow a pilot scheme on English routes in the winter and will replace a complex range of APEX and other promotional fares.

The tickets must be paid for at the time of issue and the flight can not be changed. The discount fares—which will be available for the first time on Scottish routes—can be obtained on most bookable flights every day.

The tickets are in addition to existing low-price stand-by fares on the shuttle services.

British Airways says the new fares will help many passengers to offset the planned 15 per cent rise in normal fares.

● The Air Transport Users Committee said this week that British airlines' claim for an average 15 per cent rise in domestic fares should be rejected.

In evidence before the Civil Aviation Authority's domestic air fares public hearing in London, the AUC said, "Airlines are not providing enough detail of their cost breakdowns and are overloading economy fares by undercharging on gimmicky promotional fares."

Police probe North Sea safety-drill death

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE POLICE and the Department of Energy are investigating the death of a safety ship crewman in Texaco's Tartan oilfield. It occurred during an exercise to test safety procedures. Two others were injured during rescue attempts.

The dead man, Mr. John Stephen, 56, from Aberdeen, was a crewman aboard Tartan's standby safety vessel—the ship which stays alongside all North Sea platforms in case of accident.

Texaco says the tragedy occurred on Friday when a dummy was thrown overboard from the Tartan platform to be "rescued" by an inflatable lifeboat launched from the vessel.

Mr. Stephen, the first man into the lifeboat, was swept overboard by a large wave.

A rescue attempt was made by launching one of the Tartan platform's survival craft, a vessel not normally used for such operations. Two people suffered broken limbs during the abortive attempt.

A helicopter from BP's Forties Field airlifted Mr. Stephen to the Tartan platform, where he later died.

Texaco said yesterday that, since it did not own the standby ship (which was on contract from British United Trawlers) and did not have any representatives aboard the vessel, it could not explain why further attempts had not been made to rescue Mr. Stephen from his own ship. Neither British United Trawlers nor the police were prepared to comment pending the inquiry.

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UK NEWS—LABOUR

British Shipbuilders tells of threat posed by action

BY JOHN LLOYD, LABOUR CORRESPONDENT

BRITISH SHIPBUILDERS has told the shipbuilding unions, who are threatening industrial action over redundancies, that the future of the corporation "in its present form is in danger."

Union delegates representing about 70,000 workers agreed on Monday to recommend industrial action over 628 compulsory redundancy notices being sent out by BS.

The corporation replied yesterday with what amounted to a stern lecture to the unions on the state of its finances. It reminded them that it is losing £2m a week, and that "no Government of whatever political persuasion can be expected to provide subsidies indefinitely."

The statement does not categorically affirm that it will not withdraw the 628 redundancies. It leaves the door open for compromise if opposition to job cuts proves overwhelming.

Meetings at the Clyde yards have already called for action, while meetings in the other yards will take place this week.

The statement says: "Our basic problem is that too many men are building too few ships and therefore to perform acceptably the balance must be redressed, as is happening in other industries. Shipbuilding is not, and cannot be, sacrosanct.

"That is why we have regrettably declared redundancies after lengthy consultations with the unions had failed to solve the problem. We tried to, and must, act in the interests of the majority."

The statement says that "on the positive side" it is possible for workers to earn incentive bonuses, and it repeats the company's offer to the unions to develop a "shipbuilders' charter" to deal with security of employment and productivity.

"It is our policy to seek an understanding with Government on the future of our industry. It is important that BS employees demonstrate their understanding and co-operation without which we are unlikely to sustain present Government financial support or future support for a BS charter."

Over 1m teenagers will need jobs

BY CHRISTIAN TYLER, LABOUR EDITOR

MORE THAN 1m teenagers, including school-leavers and young people on Government make-work schemes, will be in the market for jobs this summer, the Institute of Careers Officers said yesterday.

The Institute published its forecast as the TUC's week of protest against unemployment entered its fifth day with a march and lobby by 600 trade unionists, from the North, to the Commons.

Reinforcing the grave political concern about youth unemployment the institute said the number of vacancies notified to careers offices last month was the lowest ever recorded for March, 3,800 places compared with 18,000 in the corresponding month last year.

At the same time, it said, the number of young people leaving the Government-sponsored Youth Opportunities Programme, which has been expanded by the Conservative Government, was increasing because of the fall in the number of "real jobs."

The careers service was also "gravely concerned" about the fall in apprenticeships offered by employers this year. It expected a further fall unless more funds were made available to the Industrial Training Boards.

About 650,000 school-leavers come on to the labour market each year. Last July, some weeks after the influx, nearly 300,000 were without full-time jobs. This figure had fallen to 78,000 by last month. The careers officers appear to be predicting a much less successful induction for 1981-82.

Meanwhile the TUC announced that by the end of this month about 12 of its sponsored unemployment centres, where the jobless can obtain advice about their rights, would be running full time.

Mr. Ken Graham, an assistant *general secretary, told a conference* of voluntary organisations in London that 30 centres had been set up on a part-time basis.

Takeover bid complicates picketing case

BY OUR LABOUR EDITOR

THE RESOLUTION of a redundancy dispute in which eight print workers are under notice of injunction for "secondary" picketing may depend on a takeover bid for the company involved.

Members of the National Graphical Association employed by Wilkes Business Forms at Bilston, Staffordshire, are the first reported subjects of secondary picketing injunctions obtained under the Employment Act, 1980.

The injunctions were obtained by a sister company, Wilkes (PCA) Data Supplies, at Oldbury, West Bromwich, which had been picketed following a redundancy dispute at the Bilston company.

Now another print company, Deanson Holdings, of Aldridge, near Walsall, is in talks with the Wilkes management with a view to taking over

These talks are expected to come to a head by the end of the week, when it may become clear whether the picketing injunctions are to be pursued. The NGA is unwilling to discuss its response to the injunctions until the ownership of the company is settled.

Government weak-kneed on trade, say tailors

THE NATIONAL Union of Tailors and Garment Workers warned yesterday that its members were continuing to *be made redundant* at an alarming rate and blamed the Government's "weak-kneed approach on trade matters" for the crisis in the clothing industry.

Mr. Alec Smith, the union's general secretary, said in a letter to MPs representing areas connected with the industry that the Government "increasingly gives the impression that it couldn't care less" and prefers to "hide behind the unwillingness of the European Commission to take effective action against dumped and unfair imports."

Registered unemployment among clothing workers had doubled last year.

Public sector-led recovery urged

THE GOVERNMENT, instead of attacking public sector employees, should be helping them revitalise the economy, Mr. Ken Thomas, a member of the TUC's General Council and general secretary of the Civil and Public Services Association, told trade *unionists* in Cambridge last night.

He said the TUC's alternative strategy was not about haphazard growth or spiralling costs, but planned recovery.

Airport standstill

ALDERGROVE Airport in Northern Ireland, remained closed yesterday because of a strike by 240 ground staff. They had stopped work at midnight on Sunday over a demand for a 9 per cent pay increase in line with workers at Manchester Airport. The Airport Authority has offered 7.5 per cent, or 9 per cent with the ending of some benefits.

Journalists return

MORE THAN 60 journalists on the East Anglian Daily Times, based at Ipswich, returned to work yesterday. *They had stopped last Friday* in protest at the planned loss of 17 jobs. At least three of these are to be saved.

Civil servants claim Budget thwarted

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT'S Budget strategy of taking money out of the economy was being completely reversed by the strikes over pay in the Civil Service aimed at disrupting revenue collection, the Council of Civil Service Unions claimed yesterday.

The Council disclosed new figures which it said supported its claim that the Government was losing about £700m a week because of the strikes, or about 40 per cent of its total revenue.

However, in a Commons written reply, Sir Geoffrey Howe, Chancellor of the Exchequer, put forward a reduced estimate of the increase in forecast central Government borrowing for the financial year 1980-81 as a result of the strikes.

He said that between £750m and £1bn in tax payments was delayed last month by the dispute.

The unions said that this figure again supported previous Treasury acknowledgements that figures announced by the unions on the strikes' effects were broadly correct.

They said that tax payments stopped in the first week of the strike—purely Value Added Tax—were £210m. In weeks two and three, this increased to £470m each week. The final two days in March in week four accounted for another £200m, to give a total of £1,350m.

However, the unions said that the money not being paid back in normal VAT repayments had to be offset against this. They put this at about £100m each week, with £40m from the remaining two days, to give a total of £340m to be subtracted, leaving a final total of £1,010m, roughly in line with the top end of the Chancellor's estimate.

The unions said that their own figures—and in particular those for stopped Pay As You Earn contributions, which they said were much firmer than previously available figures—showed that their objective of dislocating the Government's financial strategy was being "handsomely achieved."

The Chancellor, however, repeated previous statements from ministers that the net increase in the borrowing requirement as a result of the strikes presented no risk to overall economic management.

The Council said that the Government either had to borrow more money, which meant increasing the money supply and/or interest rates, or it had to print more money "which the Prime Minister regards as the worst possible economic sin."

The unions criticised the non-repayment of VAT due. Mr. Peter Rees, Treasury Minister, told the Commons in a written answer on Monday that the strike at the VAT computer at Southend made repayments impossible.

The total of repayments of about 10,000 a day ruled out any possibility of manual repayments or even of indetifying cases of particular hardship. Special arrangements for the "enhanced payment on account" of amounts due to be paid to chemists for National Health Service dispensing were announced.

The Council of Civil Service Unions said of Mr. Rees' statement that ministers were using companies' money as the Government's main cushion against the effects of the Civil Service strikes. It asked if special arrangements had been made for chemists, why could they not be made for construction and other compaines entitled to VAT repayments who were feeling the effects of non-payment.

Unions said companies had now realised that they need not pay their taxes while the strikes continued.

This was reflected both in the amount of tax remaining unpaid and in th esharp fall in the number of PAYE envelopes due from employers which had not yet been received. Normally the average monthly total is put at about 350,000, but the unions said that in the last two weeks alone there was an estimated shortfall of 140,000 envelopes.

● Mr. John Sheldon, deputy general secretary of the 45,000 strong Civil Service Union, was yesterday selected from three candidates to take over in June next year as the union's general secretary following the retirement then of Mr. Les Moody

STRIKE EFFECTS ON GOVERNMENT REVENUE (UNION CLAIM)

	Average weekly Government revenue	Average weekly amount stopped by strikes	Average amount stopped in first 3 weeks of strikes	Average amount stopped in first 4 weeks of strikes
VAT (Gross)	£350m	£210m	£630m	£840m
PAYE Income Tax	£380m	£260m	£520m	£780m
Other taxes	£720m	£10m	—	£10m
TOTAL TAXES	£1,450m	£480m	£1,150m	£1,450m
National Insurance Contributions	£300m	£220m	£440m	£660m
TOTAL REVENUE	£1,750m	£700m	£1,590m	£2,290m

Engineering workers cut TUC affiliation strength

BY PHILIP BASSETT, LABOUR STAFF

BRITAIN'S second-largest union, the Amalgamated Union of Engineering Workers, has cut its TUC affiliation following the first reduction in its membership since the mid-1970s.

The AUEW engineering section's move follows a recent decision by the union to reduce the number of members on which it affiliates to the Labour Party from 928,000 to 850,000.

The union has suffered a fall in membership of about 117,000, which senior officials put down yesterday directly to the employment effects of the recession.

Correspondingly, it has reduced the level of its TUC affiliation from the 1,217,760 recorded at the end of 1979 to about 1,100,000. Sir John Boyd, general secretary, said this would mean a loss of revenue to the TUC of about £46,800, based on an affiliation fee of 40p a member.

Mr. Terry Duffy, AUEW president, said: "Our membership has dropped that much in the past year, and with other unions in the same boat the TUC stands to lose even more."

Sir John said the union still had about £17m invested, though he disclosed that the £900,000 loan facility sought by the union last year from its bankers, had been renewed for this year. The union had not taken up the facility yet.

The union has offered its 514 *staff a single figure pay increase* of 8 per cent in line with the general falling level of pay settlements in industry.

Publishers expected to repeat 8% craft offer

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE MAIN print craft union, the National Graphical Association, is to hold talks with the Newspaper Publishers Association (NPA) in a final attempt to find agreement on pay rises for its members in national newspapers.

But NPA officials are expected to repeat the Association's offer of eight per cent and its refusal to increase holiday entitlement by one week. The meeting is likely to be held this week.

The pay talks are in some disarray. The largest Fleet Street Union, the National Society of Operative Printers, Graphical and Media Personnel *is likely to seek negotiations* with individual newspapers rather than continue talks with the NPA.

The Society of Graphical and Allied Trades has balloted its members on the offer with a recommendation to reject. The platemakers, union SLADE has balloted with a recommendation to accept.

On the employers' side, the NPA ranks have been severely depleted by individual deals already struck at Mirror Newspapers (which traditionally settles individually) The Times and the Express Group. It is understood that The Guardian, which withdrew from talks earlier this year, has offered its printers seven per cent.

News International, which *publishes the Sun and the News* of the World, has made known its intention to offer 10 per cent if the NPA talks break down.

'We are not as drunk as thinkle peep we are'

By John Hunt, Parliamentary Correspondent

NO MP is ever the worse for drink within the precincts of the House of Commons — we have it officially from no less an authority than Mr. George Thomas, the Speaker, a non-drinker and pillar of the Methodist Church.

His verdict, delivered in the House yesterday with a twinkle of the eye, was greeted with knowing chuckles and ironic cheers from Members.

He was replying to Mr. Arthur Lewis (Lab, Newham Northwest) who was protesting about the speech made by Lord Avebury, the Liberal peer, at an international conference on alcoholic problems on Monday.

Lord Avebury, teetotal for eight years, was shocked that bars in the Lords and Commons stayed open as long as MPs and peers were sitting. Virtuously, he demanded a complete ban on all-night drinking at Westminster.

But Mr. Lewis complained that Lord Avebury — who had sat in the Commons as Mr. Eric Lubbock, Liberal MP for Orpington — had made such "slighting, wounding" remarks.

According to Mr. Lewis, the peer had tried to assert that there was "almost perpetual drunkenness" in the Palace of Westminster.

Hear, hear

"You and I know that there are a few members who do have a drink occasionally," Mr. Lewis told the Speaker to raucus shouts of "hear, hear."

"But never is anyone drunk in this place because it is against the rules. You Mr. Speaker who we know as a lifelong total abstainer, would never allow us to break the rules."

The Speaker, however, seemed to think that in this instance Lord Avebury was within his rights to comment on House of Commons affairs as his remarks had not been delivered in the House of Lords. To raise his speech as a matter of privilege would be "err—well—an extremely delicate matter."

But, said Mr. Thomas, Mr. Lewis was quite right. "All my predecessors have ruled that no honourable or right honourable member of this House is ever too much under the influence of drink."

With that MPs trooped out of the Chamber on mass, presumably by-passing the temptations of the Strangers Bar—open from 11 am until the House closes and known to habitues as "the Kremlin" or "the Stranglers"—and heading straight for the members' tea room.

As the old song had it: "We are not as drunk as thinkle peep we are."

Hint of more help for young jobless

BY IVOR OWEN

A FURTHER expansion of the Youth Opportunities Programme may be authorised by the Government, Mr. David Waddington, Under-Secretary for Employment, hinted in the Commons last night.

He assured the House that the size of the programme — already extended so that it can offer up to 450,000 places in the current financial year — was being kept under continual review.

Mr. Waddington rejected a Labour charge that the Government was responsible for creating unprecedented youth unemployment but underlined Ministerial concern over the rising numbers of young people unable to find jobs.

He disclosed that the Manpower Services Commission is expected to announce proposals within the next few weeks for the introduction of a more flexible system for training for skills.

Mr. John Grant, a Labour employment spokesman, warned that a whole generation of young people were in danger of being cast aside without hope.

He alleged that Mr. James Prior, Employment Secretary, was being prevented from introducing more radical policies for dealing with youth unemployment by the constraints on public spending being imposed by Sir Geoffrey Howe, the Chancellor, with the support of the Prime Minister.

Grant: warned that a whole generation of young people were in danger of being cast aside without hope

Waddington: rejected a charge that the Government created unprecedented youth unemployment

"If the Prime Minister continues to have her way, our young people will grow old in the dole queues," Mr. Grant protested amid Labour cheers.

Mrs. Thatcher and her colleagues, he said, were governing, not with guts, but with guilt. Mr. Prior could do no more than wring his hands when every monthly increase in unemployment was announced.

Mr. Waddington hit back by pointing to the rows of almost empty benches behind Mr. Grant when he launched the latest in the series of attacks being mounted by the Opposition on the Government's failure to prevent unemployment rising towards the 3m mark.

He claimed that only eight Labour backbenchers had been in the Chamber at the start of the debate—"there does not seem to be a great deal of enthusiasm on the Opposition benches for this great action."

Mr. John Golding (Lab, Newcastle-under-Lyme) explained that many Labour MPs were in other parts of the building meeting deputations from the unemployment protest lobby organised by the Northern Regional Council of the TUC.

Insisting that it should have been possible for more Labour MPs to be in the Chamber, Mr. Waddington scoffed that a ratio of one to every 312,000 out of work was a "pretty poor co-efficient of compassion."

He was adamant that Government policies designed to master inflation and cure some of the nation's deepseated economic ills offered the best hope for a long-term solution to unemployment.

Mr. Waddington emphasised the stark choice by asserting that if the Government succeeded, youth unemployment would drop dramatically. "If we don't, it won't," he admitted.

The Minister's claim that most people supported the Government's approach was hotly disputed by Mr. Frank Allaun (Lab, Salford East).

He said that canvassers taking part in the local government elections were reporting that people who had voted Conservative at the last general election were now blaming Government policies for the sharply rising level of unemployment.

An Opposition motion condemning the Government for wasting the human resources vital to the regeneration of the economy was defeated by 50 votes (288-238).

Thatcher refuses to meet TUC protesters

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME MINISTER yesterday rejected a demand from Mr. Michael Foot, leader of the Opposition, that she should meet a delegation from the TUC's Northern Regional Council which had come to the Commons to protest at the level of unemployment in the North.

In reply to questions, Mrs. Thatcher again emphasised her argument that the only way to cure unemployment is to improve the competitiveness of British industry.

Mr. Foot told her that the level of unemployment in the northern region had nearly doubled since the Conservative Government came to power in May, 1979. He said that throughout the week various groups were lobbying the House as part of the TUC's week of action on unemployment.

Mr. Foot wondered what the Prime Minister had to say about the situation where company failures for the UK in the first quarter of this year had been at an all time high and 51 per cent higher than a year ago.

"Will you tell us when you are going to do something about that," he demanded.

The Prime Minister replied that she was prepared to see individual MPs who had a particular problem of closure in their constituencies but did not see general deputations. She said she had highly competent Ministers who would receive such delegations—a reply which brought Labour cries of "Where are they?"

Mrs. Thatcher agreed there had been a number of bankruptcies but said this was a measure of the over-manning and lack of competitiveness.

Mr. Leslie Spriggs (Lab., St. Helens) protested that on Merseyside, one of the areas of highest unemployment, a local company was importing cable from Taiwan and thus importing more unemployment.

But the Prime Minister reminded him that there were also a lot of jobs in exporting industries in Britain.

Social Democrats force split in NATO group

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE FORMATION of the Social Democratic Party has caused a split in the organisation aimed at gaining support for NATO within the Labour movement.

Mr. Roy Hattersley, Shadow Home Secretary, has resigned as vice-chairman of the NATO-financed Labour and Trades Union Press Service in protest at the group's refusal to expel its Social Democratic members.

His resignation leaves only two Labour MPs—Mr. Roy Mason and Mr. James Wellbeloved—on the committee and means that the SDP MPs easily outnumber the Labour members on the list of vice-chairmen.

The Press Service was set up in 1975 with a NATO grant to increase support for NATO both within the Labour Party itself and within the trade union movement. Its committee of vice-chairmen is made up of MPs, trade unionists and representatives from other NATO countries.

Because of their interest in defence, four of those MPs who have now joined the Social Democrats—including the two founders, Dr. David Owen and Mr. William Rodgers — were asked to become vice-chairmen.

Once they left Labour there was some suggestion they should resign from the LTUPS. But an informal survey of members showed the majority thought the SPD members should be allowed to remain as vice-chairmen.

Opposition attacks plan to scrap business names list

THE GOVERNMENT was accused yesterday of working a "Yes Minister" style backstage deal to scrap 150 civil service jobs following demands from Downing Street for manpower cuts.

And plans to abolish the register of business names — carried by a majority of only 14 votes — amounted to "nothing more than a crooks' charter," Lord Bruce of Donnington, Opposition trade spokesman, claimed during the Lords report stage debate on the Companies Bill.

He was attacking Government proposals to scrap the register, which includes the trade names of unincorporated companies and subsidiary titles of companies already on the companies' register.

An earlier attempt to abolish the register — considered inefficient and unworkable by the Government — was defeated during the Bill's committee stage.

Lord Bruce likened Lord Trefgarne, the Government spokesman behind the move, to Rumpole of the Bailey — who often complained of having to follow the orders of "she who must be obeyed."

"We know perfectly well that an edict has gone forth from Number 10 that there have to be economies in manpower in all Government departments," said Lord Bruce.

"The House has been confronted with a package deal . . . It has already been agreed inter-departmentally that the 150 people must go."

BSC chief cleared of 'gagging' allegation

By Richard Evans, Lobby Editor

MR. IAN MACGREGOR, chairman of the British Steel Corporation, has been cleared of an alegation that he sought to gag an MP by threatening to cut off investment in his steel-producing constituency.

The allegation, made by Mr. Dale Campbell-Savours (Lab., Workington), followed a conversation with Mr. MacGregor last December, was considered by the Commons Committee of Privileges which produced its report yesterday.

The key conclusion was that the committee was "not satisfied that a breach of privilege or a contempt of the House did take place." The committee was unable to resolve the "conflict of evidence" between Mr. MacGregor and Mr. Campbell-Savours.

The MP's version was that Mr. MacGregor had threatened personally to bring ot an end further investment by the BSC at Workington if Mr. Campbell-Savours persisted in making speeches in Parliament highly critical of BSC policies.

The committee points out that such an alegation, if established, "would certainly have revealed a serious affront to the privilege of freedom of speech which is the most important of all the privileges of Parliament."

The main problem facing the committee was the absence of a verbatim record of the relevant conversation between Mr. MacGregor and Mr. Campbell-Savours at BSC headquarters in London on December 18.

Documents submitted to the committee by Mr. MacGregor denied the explicit threats alleged to have been made by him, but Mr. Campbell-Savours repeated his conviction that Mr. MacGregor had not only threatened him but warned him in respect of what he might say in the House of Commons.

The committee's report refers to the "deep feelings and possibly irreconcilable differences of opinion held and expressed by two men bearing heavy and diverse responsibilities for the welfare of many people." The report adds: "Whatever was said was likely to have been subject to the stresses of the moment."

Mr. MacGregor may have spoken in terms that he would not have used if he had been reading a prepared statement and he conceded that he migh have over-reacted to Mr. Campbell-Savours' observations.

The report adds that the MP may have understood and, in the heat of the moment, interpreted what Mr. MacGregor said in a way he would not have done had he been reading a formal submission in his own office.

The committee, chaired by Mr. Francis Pym, leader of the Commons, concludes that the committee was unable to resolve this conflict of evidence and considered there was nothing further they could do. The report has been submitted to the Commons

Parliament 'should have more say in public spending'

BY MARGARET VAN HATTEM, LOBBY STAFF

GOVERNMENT departments should produce early provisional spending estimates to give Parliament more time to examine public spending, Mr. Joel Barnett, chairman of the Public Accounts Committee and a former Chief Secretary to the Treasury, said yesterday.

Appearing before the Procedure (Supply) Committee, which is carrying out an examination into Parliamentary control — or lack of it — over government spending, Mr. Barnett argued strongly that Parliament should have much more say, in particular through the departmental select committees.

"I strongly agree with the now widely held view that the present position, whereby huge sums of money are granted to the Government virtually without debate, is quite intolerable," he said.

The House of Commons did not use its powers to debate estimates because Opposition parties preferred to use Supply Days for general debates. Merely to allocate the House further time would change nothing since the extra time would be wasted in the same way.

To increase Parliament's control over spending, Mr. Barnett called for:

- Major changes in the form and content of the estimates;
- Early publication of provisional estimates for scrutiny by select committees;
- Major changes in the committees, which were not equipped to deal with the task;
- Additional powers to enable the newly-organised committees to amend the estimates, at least to cut spending and possibly, but not necessarily, to increase it.

Even under the present timetable, Mr. Barnett said, most departmental spending plans were broadly settled by the July of the preceding financial year, but not agreed by Cabinet until September or October, not finalised until January or February, and not published until March or April.

Parliament could be drawn into the process as early as July, if the provisional estimates were presented to select committees at that time, on the understanding that the detailed breakdown of figures might later be substantially altered by Ministers.

In this way, the committees could isolate the main topics on which they wished to comment and possibly influence Ministers and departments before they presented their estimates to the Treasury on December 1.

Mr. Barnett rejected suggestions that the select committees might develop an altogether too cosy relationship with the departments they were supposed to be examining. "We might wish to see a blunting of party political considerations, but it won't happen," he said.

Child benefits move to counter disruptive action

BY GARETH GRIFFITHS

THE SEVEN million families who receive child benefit allowances will be issued with order books lasting 20 weeks to ensure that payments will not be subject to disruption by industrial action of civil servants.

Sir Geoffrey Otton, Second Permanent Secretary at the Department of Health and Social Security, told the Commons select committee examining the Ombudsman's report that the industrial action by civil servants two years ago had affected the distribution of some order books.

At the time they had lasted for 52 weeks and some families had suffered severe financial hardship because of the failure to receive them.

Now, order books will last for 20 weeks and Sir Geoffrey said this would have a very substantial effect on the flow of paper within the department.

He told the committee that one of the main problems was, "we are not very good at explaining the system." It was expecting a great deal from the mainly junior staff who dealt with the public in social security offices that they should be able to advise on claims.

Today in Parliament

Commons—Supply day debate on developments in EEC July-December 1980. Water Bill, Lords amendments. Energy Conservation Bill, remaining stages.

Lords—Debate on Government's expenditure cuts. Prayer Book Protection Bill, second reading.

Select committees—Education. Subject: Secondary school curriculum and exams. Witnesses: Council of Subject Teaching Associations 10.30 am. Room 6. Scottish. Subject: Youth Unemployment. Witnesses: Fife Regional Council, Highland Regional Council. Strathclyde Regional Council. 10.30 am. Room 5. Industry and Trade. Subject: Effects of BSC corporate plan. Witnesses: British Independent Steel Producers' Association. 10.45 am. Room 16. Public Accounts. Subject: Internal audit in Central Government Department. Witnesses: Sir Brian Hayes, Ministry of Agriculture; Sir James Hamilton, Department of Education. 4 pm. Room 16. Transport. Subject: Transport in London. Witnesses: Assistant Commissioner and officers of Traffic and Technical Support Department, Metropolitan Police. 4 15 pm. Room 17. Employment. Subject: Legal immunities of trade unions. Witness: Lord Hailsham, Lord Chancellor. 4 30 pm. Room 8.

Plotting a difficult flightpath

McDonnell Douglas is on the horns of a dilemma over its next civil aircraft project. Ian Hargreaves reports

THE CHART on the screen in a McDonnell Douglas conference room in Long Beach, California, does not equivocate. In the second quarter of 1982, Douglas will decide to build the DC11 airliner, the company's first *entirely new civil aircraft* project since the ill-fated DC10.

First deliveries of the medium range, 150-160 seat DC11, the chart says, will be in 1986 and fuel economy will be 10 per cent better per seat than the 130-170 seat DC9-80.

Airlines, you might think, must already be studying the options for upholstery colours. But, alas, they are not, because the DC11 (formerly known as the DCXX, and before that the ATMR (advanced technology medium range aircraft) is still what it has been for the past two years: a $2bn dream.

A decision to make it a reality would be a decision to risk an expensive investment in a highly uncertain market.

Because the project has been around for so long, and because upon it may well hang the future of McDonnell Douglas in the commercial air transport business, the company is not short of unsolicited advice on what to do.

The big airlines, naturally, want the company to go ahead and at least take a shot at preventing Boeing from monopolising the entire U.S. civil airframe business. The other competitor, Lockheed, builds only the L1011 wide-bodied aircraft, the Tristar, on which it has lost *$1.5bn in the last 12 years, and* has no resources to launch new civil projects, even if it were willing to deflect from its profitable and growing military business. Europe's Airbus, the only significant foreign competitor, has had very little success so far in the U.S.

But the airlines have just had their worst year in the history of aviation, although they will need new aircraft in the 1980s to meet noise standards and to burn less fuel, they have so far been longer on public protestation than in saying they would like to buy the DC 11.

Terry Kirk

Sandy McDonnell: Should he hold tight to Uncle Sam's hand?

With its eye on McDonnell Douglas's bottom line, Wall Street sees it differently. Paul Nisbet, aerospace analyst for Bache Halsey Stuart Shields, describes the chance of the DC11 being built as "remote," especially now that Delta Air Lines and American Airlines have placed major orders for the Boeing 757, which, although larger (180 seats) than the proposed DC11, is still widely regarded as a competitor. In short, Wall Street sees the DC11 knocking McDonnell Douglas's stock price for six and halving the company's earnings potential over a four-year period.

What Wall Street would like is to see McDonnell Douglas cash in with both palms open on the Reagan defence spending boom, which promises significant extra funds for the company's F15 and F18 fighters, for the AV8B jump jet and for a range of other sophisticated pieces of military wizardry. These include McDonnell Douglas's guidance system for the cruise missiles which Boeing has been contracted to build.

In the last decade, military aircraft have averaged 45 per cent of McDonnell Douglas's *sales, against 33 per cent for* commercial aircraft. More important, they have also brought in the profits. In the last three years, military aircraft earned the company $660m, compared with losses on civil programmes of $260m.

The man on whom the decision rests is Sandy McDonnell, who took over as chairman of McDonnell Douglas at the end of last year following the death of his uncle, the original "Mr. Mac," James S. McDonnell, who had run the company for more than 40 years. His closest partner in the decision will be the company president, John McDonnell, Mr. Mac's son.

At McDonnell Douglas headquarters in St. Louis, Missouri, the official word still offers little amplification of Sandy McDonnell's comment in the company's annual report, that the green light will be given to new aircraft projects "when market conditions justify commitments on the scale required."

The fact that the decision will be taken in St. Louis, however, is a source of concern to some old hands 1,845 miles away in Long Beach, California, where the Douglas arm of the company has its home. Ever since McDonnell, which primarily builds for the Pentagon, took over Doublas in 1967, there have been those on the McDonnell side who have questioned the wisdom of pouring funds into Douglas for such negative returns.

However, John Brizendine, president of Douglas, says of the DC 11: "I think we'll get it."

The problem for McDonnell Douglas is that it has become, in the civil aircraft business, to Boeing what Ford is to General Motors in the motor industry. Boeing and GM, because of astute decisions in the past, have the financial muscle to offer a model or aircraft type for every gap in the market, while smaller, weaker competitors must spot the niches and hope that the bigger rival will neither crowd them out nor destroy their profits by aggressive pricing.

The answer for McDonnell Douglas is simple enough in principle: do not build anything which competes head-on with anyone else, as the DC 10 has had to do with the Lockheed L 1011.

Share the risk

"We didn't build a 200-*passenger aircraft*, because we didn't want to compete with Airbus and Boeing," says William Worrell, a Douglas vice-president. "Two in competition is a problem. Three is ridiculous."

Douglas executives hope that a niche might be opening up for the DC11. The soaring price of *fuel has increased pressure to* fill planes, but in order to remain competitive, airlines have not been able to reduce the frequency of flights. So relatively small, fuel-efficient craft are very much the order of the day.

But even if this market sits up and begs — and several carriers, including United, Eastern, Lufthansa and KLM are keen—McDonnell Douglas is hesitant, because it wants someone to share the risk, knowing as it does that Boeing is bound to compete in this market.

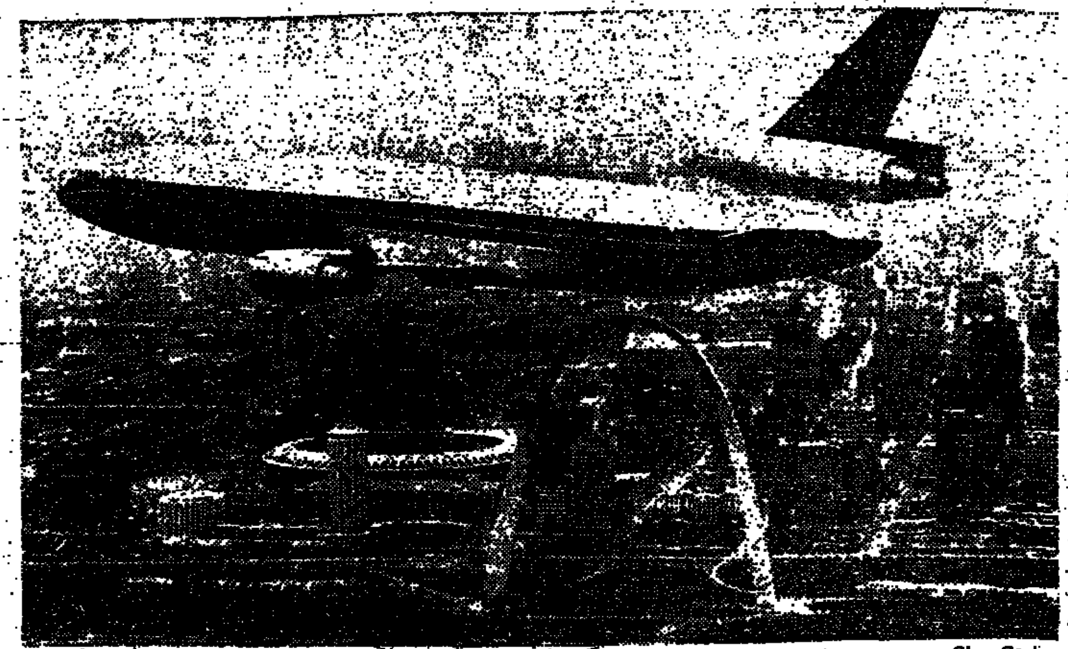
The airlines might be pressured into some form of progress payments early on in the life of the project, but this may be difficult because most of them are losing money and have hefty reinvestment obligations.

Another option, and one on which Douglas is now busily *working*, is to find partners for the DC 11 project who would sub-contract part of the work and share in the profits.

This approach was considered for the $1bn DC 10 project, but rejected because of its complexity. What happens, for example, with a sub-contractor who puts up 10 per cent of the capital for *10 per cent* of the profits if McDonnell Douglas suddenly decides it has to cut the price of the aircraft in order to win orders? In an industry where the final stages of a billion dollar deal can be shaped in a couple of hours, speed of response is critical.

But there are reasons to believe McDonnell Douglas will pull off such an arrangement this time. One is the example which Europe's Airbus Industrie has set, of prompt and aggressive marketing response in spite of its multi-country ownership.

Moreover, Douglas, like all *airframe manufacturers*, is used to working with subcontractors, who already account for 25 per cent of current programmes (excluding engines). About 10 per cent of this subcontracting work is foreign, with major components produced in Italy, Scandinavia, the UK and Switzerland. McDonnell also has a joint project with British Aerospace to build the Harrier jump jet.



Glyn Genin

One of McDonnell Douglas's problem projects flying over its home town, St. Louis: the DC10 has seen its order book whittled away almost to nothing since the Chicago air crash

Douglas has talked to aerospace contractors in Britain, Germany, Italy, Spain and Sweden about joining the DC 11 project, but for some of these potential participants (such as British Aerospace) there is a serious complication in that Airbus (in which BAe is a partner) is talking about building its own aircraft in the DC 11 size range.

When you discuss that with someone at Douglas, the unspoken message is: "Why don't we do it together and at least give ourselves a chance of beating Boeing?" Such a collaboration would make sense from another viewpoint, too: Airbus has won a strong marketing position in Europe, the Middle East and Asia, but has failed with only one exception, to sell aircraft in the U.S.

According to Worrell, the question is not whether Douglas will build the DC11, but whether that will be its only major civil project of the next *five years. Douglas also wants* to stretch the DC10 and to produce yet another version of the DC9, the super-40, with about 110 seats and a range of 2,000 miles.

These are the points which Sandy McDonnell is now weighing up, exercising a caution characteristic of both his own personality and the "Mr. Mac" heritage. The hesitancy is also probably increased by divided counsel within the company's board.

But more than anything, the delays represent the vital nature of the decision. McDonnell Douglas simply cannot *afford a major error in the civil aircraft field.*

The DC10 has seen its order-book whittled away almost to nothing since the Chicago air crash in 1979. An official ruling that faulty maintenance by American Airlines caused the disaster and a massive advertising campaign fronted by Pete Conrad, the former astronaut who now works for Douglas, have still not removed all passenger resistance to the aircraft. The situation is complicated by the fact that the market for wide-body jets is now so barren, that Douglas simply cannot tell whether the airlines have overcome resistance to the DC10.

Orders for fighters

The new DC9 super 80, meanwhile, has a strong order book into next year, but was the chief culprit behind last year's losses because of numerous production delays. The super-80 also faces a crucial official ruling shortly over whether it will be flown in the U.S. with two or three people in the cockpit. A ruling in favour of three, as sought by the pilots' union, would probably reduce the life of the plane.

If all of these worries were not enough, top McDonnell executives have the additional irritation of government allegations of bribery over DC10 sales to Pakistan.

In these circumstances, contrasted with the unconcealed excitement in St. Louis over fatter and more secure order books for fighters, it is hardly surprising that Douglas Commercial should appear like the beggar at the banquet. For Douglas, the prospects are certainly brightest on the military side, with a strong order book for the military tanker version of the DC10 and the possibility of a share in building the new CX military transport aircraft.

Perhaps, under these pressures, McDonnell Douglas will falter in its willingness to battle with Boeing, preferring to hold tight to Uncle Sam's hand — especially if, as seems likely, Douglas's optimistic forecast of 6 per cent a year growth in commercial air travel in the next 10 years comes to seem far too optimistic.

On the other hand, the vision of the McDonnell Douglas merger was always to balance *the volatility of the commercial* sector with the more stable and potentially lucrative military business.

Sandy McDonnell will not toss away that vision lightly. Nor will he need reminding that, the hugely succesful DC9 family was launched with just one order in the book. The high cost of today's projects may work against such boldness, but the commercial aerospace business was never a place for faint hearts.

THE WEAK LINK IN McDONNELL DOUGLAS' ARMOUR

	Sales ($000) 1980	Sales ($000) 1979	Operating profit/loss ($000) 1980	Operating profit/loss ($000) 1979
MILITARY AIRCRAFT	2,728	2,349	197.8	232.1
F15, F18 fighters; Av8B jumpjet; KC10 airtanker.				
COMMERCIAL AIRCRAFT	2,231	1,968	−144.3	−55.6
DC10 wide body; DC9 super 80.				
SPACE/MISSILES	834	792	49	54.8
Harpoon anti-ship missiles; Delta space rocket; Subcontract work on space-shuttle; Other weapons programmes.				
NON-AEROSPACE	331	222	−1.4	7
Computer software; computer service centre. Also *small data processors.* Project financing. Some energy programmes.				
TOTAL	6,124	5,331	101	238

Source: McDonnell Douglas.

This is no time to be wrong.

In the first 3 months of this year 2,500 companies closed their doors for the last time.

And hundreds of executives joined the line of men and women who will be hard pressed to find suitable employment.

This serves as a sharp reminder that your business must operate now at maximum efficiency and effectiveness.

Your company cannot afford to make one wrong move.

And the rule "everybody is allowed to make one mistake and get away with it" has gone by the board.

Today, any decision made on the basis of beliefs is tantamount to suicide.

Decisions must be made on the basis of of facts.

That is an indisputable argument.

And one that leads more and more businessmen towards the Alpha Micro Computer and its extraordinary capabilities.

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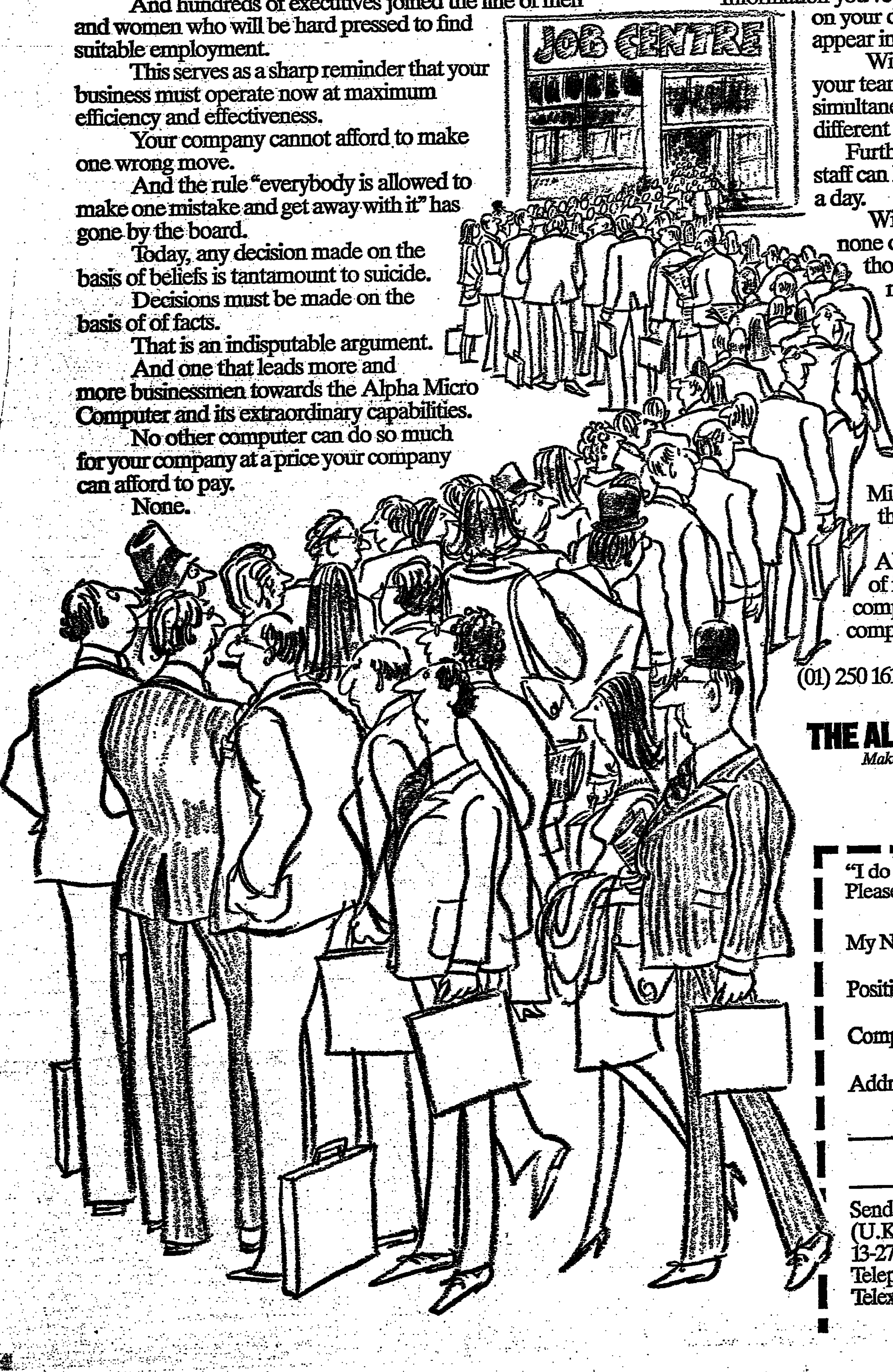

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LOMBARD

Social Democrats on wrong track

BY PETER RIDDELL

THE SOCIAL Democrats are in danger of drawing the wrong conclusions from the economic events of the last decade. While prudently avoiding any premature commitments, their search for policies may be starting off by asking mistaken questions—and heading straight into a mire of well-meaning confusion.

There is no shortage of texts; Mr. Roy Jenkins' lecture to the Institute for Fiscal Studies, the speeches in the Budget debate of Mr. Bill Rodgers and Mr. John Horam, and the books from Dr. David Owen and Mrs. Shirley Williams. The latter I saw sold along with the Good Food Guide in a new radical chic package. In total, the texts present an attractive case both for greater political stability to sustain the mixed economy and for greater decentralisation. And Mr. Rodgers and Mr. Horam have offered interesting alternatives to some of the Budget measures.

Central issue

Yet, overall, the discussion of macro-economic policy does not really get to grips with the central issue of how to tackle inflation. The two statements of position from Dr. Owen and Mrs. Williams are notably muddled in this area and both of them fall into the trap of using "monetarism" as a term of abuse. They fail to realise that monetarism solely means a belief that control of the money supply is a necessary pre-condition for the containment of inflation and for economic expansion.

Monetarism is not the same as the New Conservatism or Thatcherism and is thus separate from the present Government's views about the size and role of the public sector, the level of taxation and the distribution of income.

Judged by their books, Dr. Owen and Mrs. Williams seem to believe that monetarism (as correctly defined) is some monster produced by the Thatcher and Reagan administrations. In fact, monetary targets were adopted in the 1975-78 period principally by left-of-centre governments, in the U.S., the UK and West Germany.

These administrations appreciated that the 1973-75 inflationary explosion had undermined the previous faith in expansionist policies and had shown the need for monetary restraint. The events in the UK since the Tories came to power in May, 1979 do not invalidate this conclusion, whatever criticisms one can make of the present Government's economic record, social priorities and handling of the public sector.

Ironically, the person who has come nearest to producing a Social Democratic economic policy is Mr. Denis Healey. During the heyday of his Chancellorship between 1976 and 1978 he offered a balanced approach which, somewhat belatedly, attempted to adjust to the shocks of the mid-1970s. The major reservations have focused on the concessions given to the trade unions during the early stages of Labour's incomes policy.

Anyway, the overall result was a temporarily successful period of economic management—at least by comparison with the rest of the 1970s. But Mr. Healey is not available to produce policies: he is still battling away inside the Labour Party. And with Mr. Roy Jenkins slightly out of touch after his Brussels stint, none of the Social Democrats can yet match Mr. Healey's feel for the economy, though his views have strayed somewhat since the election.

Good intentions

The danger is that the Social Democrats may be susceptible to the Liberal Party's fate of woolly-minded good intentions. The signs are that the Social Democrats' new recruits come from the successful middle classes who care about Britain's problems and have been politically disenchanted up till now.

Compassion does not, however, remove the need for clear thinking. Arguing that "something should be done about unemployment" is no substitute for looking at the structure of the labour market and the growth of union power. (Mrs. Williams has some good ideas in her book about training, labour mobility and youth unemployment.) The desire to protect people from economic realities may mean everyone pays more. There is no such thing as a free lunch, even in a credit card party.

The primrose grew like a bomb

GARDENS TODAY

BY ROBIN LANE FOX

THE GARDEN is under way again; the daffodils have stood up to the rain; the hedgerows are showing their silver-green willows and the primroses, liking the damp, have never been better.

The prettiest plant in my back patch is owed to the kindness of a reader. I have never been able to thank him, because I mistook his intentions when he sent it. When his present arrived, I thought he might be trying to blow me up.

I confess this, two years later, because his plant is now at its best and assassinations are back in the news.

It is not, after all, so unlikely. I remember some of my past columns and the retorts they have drawn—those hard words for heathers, the damning of dwarf conifers and a complaint about brown foliage which set the columnists in the weekly papers protesting for months that I was far too young to be trusted.

Readers with unlikely jobs and leisure hours surface every month—cross men who write in whenever I am rude about crazy paving and a unit ov civil servants who pulled a very long face, in very long letters, when I suggested that you might like to buy a weed killer in bulk and store it in cans with labels on it, not in the same tin in which the makers have sold it more expensively.

I am also conscious of the affair of the Actinidia. Some of you, perhaps many of you, will have come to know this exquisite climber after I saw it one year at Chelsea. It is the plant whose leaves range from pink to silver at their tips and change colour in a most unusual manner.

I happened to say that cats adore it. They will wriggle wildly against its stems in order to rub on a juice or scent which the plant gives out. It does wonders for their love life.

Never do I recall so many requests for the source of a plant. But Actinidia is not the most willing grower and it requires a west wall, deep soil and a little patience if it is ever to make a show. Mine was a flop.

A year later, complaints of a suitable cattiness came pouring in. One of you even objected that her tom cat seemed to think the plant was far more boring than she did.

If you are honest, too, there must be times when all of you long to shut the gardening columnists up. However, I hope you will exempt *Gardeners' Question Time* because I have come to realise that one of the prizes on that marvellous programme must be given out weekly to the contributor who raises the wildest objection to a fellow-contributor's idea.

Why else would a man attack mulching on the grounds, as last May, that it encouraged voles? Yet attack it he did, seriously *complaining that* layers of leaf moulds and rotting manure would encourage voles to risk their delicate feet across the flower beds and come within gnawing distance of his succulent trees and shrubs.

Personally I feel starved of voles, and have never met one. Perhaps they are the fur behind those brown streaks which vanish in the car headlights on summer country lanes.

True, I knew a tax inspector called Vole, but he turned out to be human. On my garden, they have left no trace. I cannot help feeling that there is a prize behind the microphone for the first contributor to vole in one.

Given that you would all like to silence us, can you blame me, then, when I was alarmed to receive a small round parcel addressed to myself when I had nothing on order? It was clearly a canister and the address was not so clearly written by hand. Letter bombs have been on the loose and a mild spring was in the air.

It was just the April moment when you return to the soil and prove my advice all wrong, so I was not feeling confident.

Hearing that I wrote this *column*, the *postman* beat a quick retreat. I was left with an unexplained canister, deep suspicions and no idea what you all make your secretaries do to those unwanted letters, as I have never had a secretary. Thinking that water would upset the time fuse, I sank the object in the village pond.

Here, I had better explain that bombs and I have had a chequered pre-history. When the last round of bombs broke out I had ben putting my children into the back of my car in Notting Hill Gate when I noticed a metal object clamped on the car's near wing.

It had been screwed into the metal work just near the driver's door and had certainly not been there on the last occasion when I washed it. To open the door would clear be to break the circuit, so I dived for the nearest hotel, emptied the foyer with my stories and rang the police.

An armoured car arrived with a major and some camouflaged soldiers who emptied the street, advanced on the device and collapsed across the bonnet as soon as they caught sight of it. The *major* tried to return with a straight face, but failed and lapsed back into helpless laughter as he asked me, please, to be sure to telephone the bomb squad the next time that somebody broke off my car's wing mirror in the street and left me next morning with only the holder screwed firmly into its usual place.

You see, then, why a was nervous. A few moments under water caused the canister to start to leak and out of it came a dark brown filling which looked reassuringly like earth. Water, I presumed, would have dampened the gelignite, so I unwrapped the can to find the rooted divisions of a very healthy primrose.

Keeping my over-reactions to myself, I planted it with thanks in the damp shaded corner which its family prefers and mulched it with rotted mushroom compost throughout last summer.

The results have been wonderful. The primrose, you might guess, has grown like a bomb and flowered explosively well. This week, I see it at its best, a double lilac-pink variety which ought, I think, to be that old friend of pre-war gardeners, Primula Marie Crousse.

I have written before about the merits of the named forms of primrose which our gardens have mostly lost, but this one is still available from specialist alpine nurseries. If you find a piece which flowers half as freely as my present, you will bless the day of your discovery.

Double forms of most spring flowers are less handsome than the single ones and I would not be so pleased with a box of double flowered tulips. But double primroses are beauties, not beasts and their extra weight of petals helps their flowers to show up at their height of only three inches. They arch over like perfectly formed lilacs and are not the sparrows' first choice for mischief.

I know that many of you object to buying a primrose when you can have so many for nothing in nature. But my story, perhaps, may convince you that there are others in this lovely family which can wear a colour as awkward as mauve and still win the prizes in a spring garden.

As for my donor, I can only thank him here and hope that he sees it. The donor will forgive me, I hope, for my haste as I unwrapped the wadding and "gelignite," dropped all the paper and found out his primrose.

As for any note or address, that was long since lost during "detonation."

Derring Rose best bet at Ascot

RACING

BY DOMINIC WIGAN

THE SPOTLIGHT returns to the National Hunt fray this afternoon, for although Ripon stages a good early season programme the jumping card at Ascot has a far more absorbing look to it.

There, all the races with the exception of the opening and closing events carry £5,000 or more in added prize money. What ought to be a bumper crowd of racegoers will have the opportunity of reassessing a good deal of the Festival form.

The feature race of the day on the Berkshire course where there will be a near-£20,000 Tote jackpot is the Exp-O-Tel Supersports long distance hurdle. Thirteen have accepted for this £8,500 event including Derring Rose, Celtic Isle and Killer Shark.

Although Derring Rose can, on occasions, show that he has his own ideas about the game, he is not a hurdler to oppose lightly even in the highest grade. An impressive winner of the three miles and one furlong Waterford Crystal Stayers' Hurdle at Cheltenham, where he had 30 lengths to spare over Celtic Isle, Derring Rose took this afternoon's event a year ago.

A 4-1 chance in a field of nine for this race (then the Berni Inns long distance hurdle) Derring Rose was ridden with remarkable confidence by Andy Turnell.

Allowed to hack round a long way behind the leaders, the Derring Do horse was only in fifth place entering the short home straight. But he found a rare turn of foot between the final two flights and quickly sprinted clear

Although he is at his most formidable in testing ground, the Uplands six-year-old acts well on all surfaces. Unless he is caught in an un-cooperative mood, Derring Rose should again win with something to spare.

Celtic Isle seems to have little chance of reversing Cheltenham placings and a better each-way bet for anyone not prepared to take short odds about the favourite is probably Killer Shark.

From Gavin Pritchard-Gordon's in-form Newmarket stable, this hurdler showed himself to be better than ever at Doncaster recently in disposing of Broomley by 10 lengths.

ASCOT
2.00—Persian Scimitar*
2.35—Fortune Cookie
3.05—Fairy King
3.35—Derring Rose**
4.10—Applante
4.40—Bee Sting

RIPON
2.45—Paducah
3.45—Ice
4.15—Haverhill Lass
4.45—Hello Cuddles***
5.15—Golden Reef

TV/Radio

BBC 1

6.40 am Open University (Ultra high frequency). 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 Bagpuss. 2.20 Racing From Ascot. 3.55 Play School (as BBC2 11.00 am). 4.20 Hong Kong Phooey. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.05 The Bagthorpe Saga. 5.35 Fred Basset.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 Tom and Jerry.
7.10 The Wonderful World of Disney.
8.00 Terry and June.
8.30 Lena.
9.00 Party Political Broadcast by the Labour Party.
9.10 News.
9.35 Sportsnight.
10.25 Are We Being Served?
10.55 Won't Change Places.
11.40-11.45 News Headlines.

All Regions as BBC1 except as follows:

Cymru/Wales—5.05-5.35 Break In The Sun. 5.55-6.20 Wales *Today*. 7.00 *Heddiw*. 7.30 *Cwlwm* 81. 8.00-8.30 The Centenary Rugby Quiz. 1.40 News Headlines, Rugby Quiz. 11.40 News Headlines, News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.40 News Headlines, News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth)

BBC 2

6.40 am Open University.
10.20 Gharbar.
11.00 Play School.
2.15 pm Embassy World Professional Snooker Championship.
4.50 Open University.
6.55 Snooker.
7.25 Mid-Evening News.
7.35 Open Door.
8.05 Muggeridge: Ancient and Modern.
9.00 Rhoda.
9.25 The Life and Times of David Lloyd George.
10.25 Snooker.
10.35 Party Political Broadcast by the Labour Party.
10.45 Newsnight.
11.30 Snooker.

LONDON

9.30 am A Big Country. 9.55 Friends of My Friends. 10.20 The Outsiders. 11.05 Superstar Profile. 11.30 The Andy Williams Show. 12.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 Project U.F.O. 3.45 Food, Wine and Friends. 4.15 Five Magic Minutes. 4.20 Whizzkids Guide. 4.45 Echoes of Louisa. 5.15 Mr. and Mrs.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Liberace in Las Vegas.
9.00 Once In A Lifetime.
10.00 Party Political Broadcast by the Labour Party.
10.10 News.
10.40 Mid-week Sports Special.
11.45 Three's Company.
12.15 am Close: "Sit Up and Listen" with Rosalind Runcie.

All IBA Regions as London except at the following times:

ANGLIA
9.30 am Cartoon Time. 9.40 "The Seagull" starring James Mason. 1.20 pm Anglia News. 2.45 Story Hour. 6.00 About Anglia. 11.55 Love American Style. 12.20 am The Big Question—the team discuss whether fasting and penance do any good.

ATV
9.30 am Something Different. 9.45 Tennis with Mark Cox. 10.00 Alphabet. 10.30 Morning Cinema: "Sixty Glorious Years" starring Anna Neagle. 1.20 pm ATV News. 2.45 Little River Band in Concert. 5.15 Survival. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 11.45 S.W.A.T.

BORDER
9.30 am Jabberjaw. 9.55 Friends of Man. 10.20 The Export Scotch. 10.45 Chopper Squad. 11.35 Superstar Profile. 1.20 pm Border News. 2.45 The Love Boat. 5.15 University Challenge. 6.00 Lookaround Wednesday. 11.45 Border News Summary.

CHANNEL
1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 It's a Musical World. 5.15 University Challenge. 6.00 Channel Report. 10.00 A Chance To Meet . . . Ludovic Kennedy. 10.38 Channel Late News. 11.45 News and weather in French followed by Epilogue.

GRAMPIAN
9.55 am First Thing. 10.00 Children's Morning Matinee: "Samson and Delilah" starring Hedy Lamarr and Victor Mature. 1.20 pm North News. 2.45 The Love Boat. 5.15 Diff'rent Strokes. 6.00 North Tonight. 11.55 North Headlines. 12.00 Sounds Gaelic.

GRANADA
9.30 am Last of the Wild. 10.50 Wednesday Movie—Walter Pidgeon in "Calling Bulldog Drummond." 11.00 Sesame Street. 1.20 pm Granada Reports. 2.00 Live from Two. 2.50 Fantasy Island. 5.15 *Happy Days*. 6.00 Granada Reports. 6.25 This Is Your Right. 11.50 Paris by Night.

HTV
9.45 am The World We Live In. 10.10 A Very English Event. 10.40 Spiderman. 11.00 Sesame Street. 1.20 pm HTV News. 2.00 Houseparty. 2.25 "Daring Game" starring Lloyd Bridges. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Survival. 10.38 HTV News. 11.45 Superstar Profile.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.20 Dinky Pinky. 4.45-5.15 Streeon y Byd. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH
9.55 am Poetry of Landscapes. 10.00 Sesame Street. 11.10 Nature of Things. 1.20 pm News Headlines and road and weather report. 2.45 Kate Loves a Mystery. 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Toye's Talk Back. 6.30 Report. 11.55 Late Call. 12.00 That's Hollywood.

SOUTHERN
9.30 am The Land of Lots of Time. 10.20 Chopper Squad. 11.20 The Wild Wild World of Animals. 11.45 Cartoon Time. 1.20 pm Southern News. 2.00 Houseparty. 2.25 Celebrity Concert. 3.15 Life Begins at Forty. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Mid-week (South East Area only). 11.45 That's Hollywood.

TYNE TEES
9.20 am The Good Word. 9.25 North East News. 9.30 Survival. 9.55 George Hamilton IV. 10.20 Kum Kum. 10.45 Dandelion Shorts. 11.00 Bill, Peggy Royal and Friends. 11.25 Jabberjaws. 11.50 Sally and Jake. 1.20 pm North East News. 1.25 Where the Jobs Are. 2.45 Young Ramsay. 3.15 In Loving Memory. 5.15 That's Hollywood. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.40 North East News. 11.40 Camera. 12.10 am A New Look at the Second Commandment.

ULSTER
10.35 am Anne and the King. 11.00 Sesame Street. 1.20 pm Lunchtime. 2.45 It's a Musical World (with singer Elkie Brooks). 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.39 Ulster weather. 11.45 Bedtime.

WESTWARD
9.30 am *Ireland Is A Festival*. 9.45 Spread Your Wings. 10.10 Sesame Street. 11.10 Survival. 11.35 Rocket Robin Hood. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 It's a Musical World (Vince Hill). 5.15 University Challenge. 6.00 Westward Diary. 10.41 Westward Late News. 11.45 Faith for Life. 11.50 West Country weather and shipping forecast.

YORKSHIRE
9.30 am *Larry the Lamb*. 9.40 "The Seagull" starring James Mason, Simone Signoret, Vanessa Redgrave and David Warner. 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 2.45 It's a Musical World, featuring Elkie Brooks as the *guest of Jackie Trent and Tony Hatch*. 5.15 Diff'rent Strokes. 6.00 Calendar (Emley Moor and Belmont editions). 11.45 Paris by Night.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1
(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Steve Wright. 4.30 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).
VHF Radios 1 and 2—5.00 am With Radio 2. 8.00 pm Listen to the Band (S). 8.45 Alan Dell with Dance Band Days (S). 9.15 Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2
5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 David Hamilton (S). 2.00 pm Ed Stewart's Request Show (S). 4.00 Much More Music with Jean Challis (S). 6.00 John Dunn (S). 8.00 European Soccer Special. 9.30 Among Your Souvenirs (S) (joins vhf). 9.55 Sports Desk. 10.00 Wit's End. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composers (S). 9.45 Wilfred Josephs (S). 10.30 Unfamiliar Bach (S). 11.20 Raphael Sommer cello and piano recital (S). 12.00 Claudio Arrau (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 BBC Welsh Symphony Orchestra (S). 4.00 Music of Thailand (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Marunu (S). 7.30 Scientifically Speaking. 8.00 BBC Symphony Orchestra concert from the Royal Festival Hall, London, part 1: Haydn, Kodaly (S). 8.55 Six Continents. 9.15 Concert, part 2: Ligeti (S). 10.10 Conversations with Artists. 11.00 News. 11.05-11.15 Piano Nocturnes by Fauré (S).
VHF only—Open University: 5.55-6.55 am and 11.15 pm-12.35 am and for students in Scotland, Wales and Northern Ireland: 12.35-12.55 am.

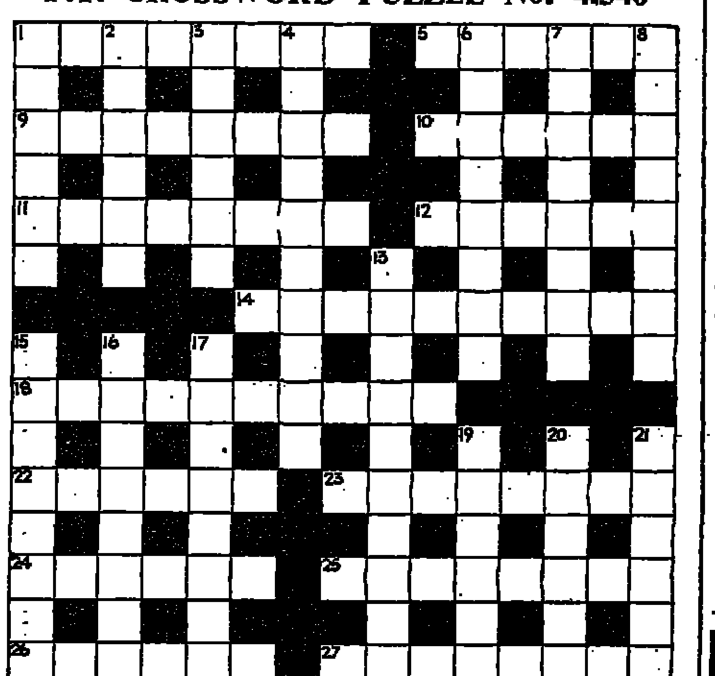
RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-Week: Russell Harty's People. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 A Murder of Quality by John Le Carré. 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.50 Letter from Normandy. 4.00 Vespers for Lent from Westminster Cathedral (S). 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shiping forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 "The Way of the World of Peter Simple." 7.45 Spring Cleaning. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Lord of the Rings by J. R. R. Tolkien (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London
6.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 The Name of the Game . . . Football. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from the House of Commons. 11.00-5.00 am Join Radio 2.

London Broadcasting
6.00 am AM — Bob Holness and Alan Clark. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life — Keith Howell (includes regular Jazz feature). 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio
6.30 am John Sach's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Nicky Horne. 1.00 First Report. 1.10 Nicky Horne (contd.). 3.00 Roger Scott. 7.00 London Tonight. 9.00 Peter Young (rock music). 11.00 Tony Myatt's Late Show. 2.00 am Richard Allison's Night Flight.

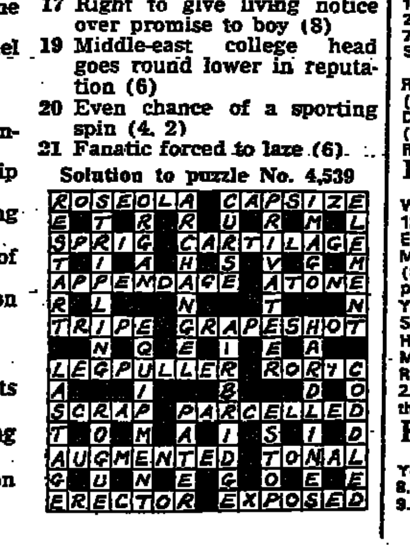
F.T. CROSSWORD PUZZLE No. 4,540



ACROSS
1 Greed of boy shooting darts (8)
5 First on scene when the boot goes in (6)
9 Men of letters are left to repeat (8)
10 Ropy call for attention by writer (6)
11 Contrive to become MICE (8)
12 Lucky thing mother's gone to bed (6)
14 Song writer humping fuel we hear (4, 6)
18 Sad flower waltz (4, 6)
22 Reservoir for his nibs (6)
23 Don't be hasty with two invitations (4, 4)
24 Turfed dull exterior of ship (6)
25 Lapel a student is turning round (8)
26 Sex-appeal can before end of day become glossy (6)
27 Don't compromise opposition to small strike (5, 3)

DOWN
1 Visitor fresh to the Scots (6)
2 Pocket overtime for making soup (6)
3 Bravery of attorney on phone (6)
4 Baby boy to spot material (2, 3, 5)
6 Dealer ensuring clients are well-connected (8)
7 Go one better than a town with brains (8)
8 Flat by the way (8)
13 Bloomer by two boys (4, 6)
15 Contracts to write article on poet laureate (8)
16 Dandy stuck in Abbey (8)
17 Right to give living notice over promise to boy (8)
19 Middle-east college head goes round lower in reputation (6)
20 Even chance of a sporting spin (4, 2)
21 Fanatic forced to laze (6).

Solution to puzzle No. 4,539



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CINEMAS

ART GALLERIES

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Television

Unwatched and unloved

by CHRIS DUNKLEY

It seems only fair to explain why certain programmes which excite almost endless interest in other television columns receive no attention here. Every year the *Eurovision Song Contest* for instance features lengthily as the subject of terrifically clever vilification in other quality newspapers. It is not mentioned here because it makes the most banal and tedious type of television and the "music" is appalling.

There are those who believe it should nevertheless be reviewed because 600m people (the BBC's estimate) watch it. But popularity has never been and should not be the criterion for coverage of the arts or even the mass media in this newspaper. If numbers were all that counted then our books page would be taken over entirely by reviews of the paperback "bodice-rippers" sold in Woolworths and the radio column would be devoted to *Jimmy Young* and *Ed Stewart's Request Show*.

The *Song Contest* proves that if you present gaudy front that changes fast enough you can dazzle a lot of people a lot of the time, in fact acquire great vulgar appeal, no matter how dreadful your basic material. Which brings us to another series not mentioned in this column: *Muggeridge Ancient and Modern*.

According to the Daily Mail Muggeridge said last week that "Looking at his own image on TV gave him the creeps." It does more than that to me: I find his hypocrisy such that I cannot any longer watch him at all. When I did he reminded me of Nixon: virtually unable to think or talk of anything but himself, obsessed by his image in the very medium he claims to hate and distrust but from which he presumably takes a fee, and always cocksure about whichever authoritarian belief system has most recently caught his fancy, be it Soviet communism or Christianity.

His humbug is bad enough. Radio Times recently reported one of his whimsicalities about *Panorama* calling itself "the window on the world" although television studios have no windows: "I feel they are places of fantasy, not connected with life." Just like coal mines presumably. But such fatuousness is not the worst thing about Muggeridge. The worst thing is the endless supply of young men willing to fawn over him, and the thought of having to follow them down all the years from 1903 while today's old Muggeridge squeaked "I'm not frightened of death. Not, not, *not*" in the background was just too much.

That is why I did not watch the song contest or Muggeridge. I did watch seven new series, including *Bread Or Blood* which started on BBC2 on Sunday. Anyone who thought they had already seen rural England's social history depicted "realistically" on television should now watch this. There was, perhaps, a hint in *Kilvert's Diary* but he was writing about a generation later.

Bread Or Blood written by Peter Ransley, following in the footsteps of W. H. Hudson, tells of the dreadful lives led by farm labourers and their families at the start of the 19th century, which may seem a long time ago, yet many of our great great grandfathers were alive and even some great grandfathers.

Apart from a demon timpanist let loose in the woods for the poaching scene this first episode had extraordinary integrity. It spared nobody's sensibilities with its picture of cottages that were dark and bare of possessions and also rather dirty. Ruth Caleb and Peter Smith, producer and director, seem to have found in actor Malcolm Storry a man capable of carrying and putting a splint on a fully grown sheep—the sort of detail which adds powerfully to verisimilitude.

The series was the last to be made while Peter Goodchild was still head of the Special Features Unit which grew so successfully out of *Horizon*. The documentary dramas for which Goodchild has been responsible make a uniquely impressive list, from singles such as *Hospital 1922*, *Joey* and *Billion Dollar Bubble* to series including *Madam Curie*, *Microbes And Men* and *Oppenheimer*—practically all award winners. Now Goodchild has been promoted to head of BSC Science and Features.

I suppose there must have been slower and less exciting programmes than the first edition of *Hooked!* but they don't come readily to mind. *The Fishing Race* used to have idiosyncratic scripts by Ian Wooldridge and a marvellous line in international insults from the competitors. The fishing hardly mattered. *Hooked!* has an over-optimistic exclamation mark, monosyllabic interviewing from Frankie Vaughan who behaves like an even sleepier version of Dean Martin, and catches of the size my little daughter uses for bait when playing on the pier at the seaside.

Wetter, faster moving and coming at us in great big dollops is *The Commanding Sea*, a series in which the makers doubtless hope that Clare Francis will do for salt water what Kenneth Clark did for *Civilisation* and Alistair Cook for *America*—two of the previous series on which co-producer Michael Gill worked. His colleague Adrian Malone was responsible for *The Ascent of Man* and *The Age of Uncertainty*.

Now, having left the BBC, they are producing their own material and unhappily it looks more like *The Age of Uncertainty* than the others. Unhappily because that series on economics with J. K. Galbraith gave birth to the Clockwork Cornfield Syndrome: a tendency to put too little trust in the presenter and throw in too much distracting detail, such as an actor in studio scything down a "field" of mechanical corn.

Since Clare Francis is not just personable but has a remarkable gift for television presentation, *The Commanding Sea* would have been fine had it simply shown six voyages with her and had her explain them. Instead the lily was gilded, dipped in chocolate, scattered with hundreds and thousands, and then bombarded with kitchen sinks.

Thus in addition to Clare Francis in the foreground we get Laurence Olivier, the world's greatest stage actor, pushed into the background, delivering voice-over narration with a querulous portentousness that manages to take your mind off everything else: you suddenly realise that the pictures have switched to Italian priests or Ancient Egyptians or Polynesian sex, or a beautigul helicopter shot of Clare Francis's boat. Of the two episodes so far, the second was slightly less over-abundant, yet still disjointed.

Are We Being Served is a series one has longed to see the BBC undertake for years: a critical look at state monopolies from the consumer viewpoint. The trouble is that there are only three programmes (last week's on telephones, tonight's on gas and next week's on railways) and the first lacked real bite. Perhaps that is the only response to the soft answers which turneth away wrath: get the consumers to *bite* the phone, gas and rail chiefs . . . .

The other three new series are all dramas I think we shall have to return to the latter pair. The first, on BBC1, is a four-part slot machine thriller called *A Spy At Evening*: you pay your money, pull out the drawer, and get exactly what you expected—nicely packaged and just like the previous 20.

Elizabeth Alone is a three-part adaptation on BBC-2 of a William Trevor novel conveying the familiar and ambiguous sensation of being flailed to death with old English tea roses.

And the surprise was the first of ITV's six plays under the riskily challenging title "Plays For Pleasure." *The Reason Of Things* by Freda Kelsall was indeed a pleasure: profound sentiments without sentimentality in a beautifully written and constructed work, tightly directed, with the best performance I have ever seen from Margaret Tyzack who played a wartime school teacher.

It seems that in praising the *South Bank Show* last week for showing each of Howard Hodgkin's pictures entire before picking on detail I handed the bouquet to the wrong man: Bob Bee it was who understood and avoided the arrogance of television producers who think they know better than the artist what the onlooker should see.

Clare Francis in The Commanding Sea

'Star Wars' on Radio 1

"*Star Wars*, dramatised as 13 half-hour episodes for radio, will be heard on Radio 1 on 13 successive days, starting at mid-day on Easter Monday, April 20. Two of the original cast, Mark Hamill as Luke Skywalker and Anthony Daniels as C3PO, will be included.

Henrietta Bains, Lesley Manville and Helen Gemmell

Leonard Burt

Theatre Royal, Stratford, E.15

Chorus Girls

Any immediate response to this new musical, book by Barrie Keefe, songs and, I presume, lyrics by chief Kink Ray Davies, must be as incoherent as the piece itself. An evening that begins in traditional Stratford East style with a biting attack on privilege and a rallying call for the unemployed and ends with Prince Charles as hero leading the chorus in a patriotic rouser "England," which, given the dropping of an oath or two, would have them flag-waving at a Tory Party Conference, is fairly bewildering. On the way feminists too, must be left muttering down their boiler suits. All in all *Chorus Girls* is a right ideological mess and none the worse for that.

The plot hardly bears thinking about. It is something to do with the theatre being turned into a Job Centre and Prince Charles, on a royal progress, falling through the trap-door into a below-stage area where he is comforted by the chorus line. The local mayor and his nympho wife, and a policeman of strong loyalist convictions, are in there somewhere, but since the story line matters as little as the script there is nothing to do but sit patiently and wait for the next song.

For Ray Davies has come up trumps. There is scarcely a dud among the dozen songs on offer and they range from the heavily romantic "A woman in love will do anything," to the rousing "Everybody's got a body" via the pointed "Men are fools" and the political "Privilege." Not many choreographic demands are made on the girls but they all look, move and sing well. Barrie Keefe is hardly trying with the script—it has none of the bite and humour of *The Long Good Friday* and actors move in and out of character with an almost touching nonchalance. Charlotte Cornwell starts as the workers' conscience, disappears half way through the first act, only to re-appear singing the most touching of love songs.

But then anarchy is another favourite of this theatre and any production which kicks in the teeth its natural supporters as frequently as this deserves general support. It is worth surviving the first act longueurs for the shorter and more melodic second half, and it is not too late for a few jokes and a more coherent plot, perhaps concentrating on the mayor and his wife, the most plausible eccentrics on show, to turn what is a hit musical with a miss script into quite an enjoyable evening.

ANTONY THORNCROFT

Purcell Room

Elizabeth Brice

Some opera singers hold back until late in their careers before stepping into the different world of Lieder-singing. Others take the plunge early on. There is much to be said for a young singer making prompt acquaintance with the intimate disciplines of song with piano. The soprano Elizabeth Brice is taking this course. Monday's recital was her second on South Bank. Much was good and promising. What was wrong needs putting right but that should not, at this stage, be difficult.

The voice, as we know from Miss Brice's operatic appearances, is a useful one, bright and ringing, with tone and breath to spare. She did not spare them last night—notes above the stave came leaping out in a way that had no particular relation to musical line or verbal sense. Words, in five languages, were neither unclear nor specially illuminating — a member of one of our leading opera companies should not sing the first line of a song as "When you are rolled and grey." Operatic experience should surely help with the arts of presenting drama in miniature and storytelling. Schubert's "Der Zwerg," a potentially enthralling if mysterious narrative, was more like a public pronouncement.

The best singing fortunately came in the evening's major work, Fauré's cycle *La Bonne Chànson*, where many rapt but demanding phrases were both confidently and delicately taken, but here, as elsewhere, there were sudden relaxations of control when high notes were given more power than they needed. The pianist, Philip Thomas, stylistically unsure earlier in Handel and Schubert, also showed unsuspected subtlety in Fauré. Three Chaikovsky songs on the other hand were delivered by both artists at too great a volume for this hall.

The three arias from *Rodelinda* originally announced were reduced to one, a Bridge group was substituted for the promised Barber songs, the order of two groups was altered without announcement. The frequent chopping and changing of programmes is becoming a nuisance, and the fact that not only British artists offend makes it no better. Under all but exceptional circumstances it is a failure of professionalism. Quite a lot of the public care what as well as whom they hear.

RONALD CRICHTON

Festival Hall

Philharmonia

All Simon Rattle's exceptional physical incisiveness could not quite bring the brass choir and the rest of the orchestra into a proper accord in the Philharmonia's performance of Janacek's Sinfonietta on Monday night. Sufficient was made of the way its tiny repeating sections magically combine into a symphonic discourse; but the antipathetic acoustics of the hall and roughness of ensemble in the brass (and the occasional faltering entry) limited this reading to the brashly effective; and its final tumult was I thought straightforwardly ugly.

It was a welcome surprise then to realise that for its interpretation of Ravel's Piano Concerto in G the orchestra had not only polished itself exquisitely but had somehow discovered a wholly new tone-palette, had responded to the special challenge of Ravel's urbane, fragile, exotic sound-world, suggestive of a sort of expensive toyshop. Soloist Imogen Cooper led them in such intimate sympathy—her playing, superlative throughout, had always the slickness, the firm lash, the deliquescent lyricism required of the moment; was never less than perfectly refined and Ravelian. As she moulded it, the long, strangely modulating solo that opens the second movement for once seemed fully coherent.

Having attempted two specialised kinds of expression and succeeded with only one of them, Rattle took the orchestra on to handle the more classical style of the *Enigma Variations* with total authority. The performance forced nothing, let every instrument speak cleanly and airily as in Elgar's orchestration it always should, but out of the sheer positiveness of Rattle's understanding, new sounds were heard, new insights offered. *Nimrod* for instance greatly benefited from a discreetly stepped-up tempo and from real pianissimo feathering of the tune by the violins at the outset—the effect being to drain some unnecessary emotionalism from the music and to see A. J. Jaeger's character in a perhaps truer light.

PAUL DRIVER

Wigmore Hall

Steigerwalt

by DAVID MURRAY

Mr. Steigerwalt was heard to best advantage at either end of his piano recitals on Monday: in Haydn's F major Sonata H.23—a little dry and mannered, perhaps, but also searching and alert—and in the huge Sonata in C, op. 1, of Brahms, where there was tough intellectual fibre as well as enormous drive. His keyboard address is cat-like, sudden and steely, very apt for the rigorous clatter of the early Brahms. He does not melt easily; one could not help recalling that a still younger virtuoso has recently revived that sonata with no less formal power and altogether warmer tone.

In three of Rakhmaninov's *Etudes-tableaux* he was severe but impressively fleet. A similar manner was less happy in Chopin; both the F-sharp minor Polonaise (the only piece that betrayed technical stresses) and the great C minor Nocturne sounded like pianola imitations of standard human performances, rhythmically stiff with expression-by-numbers.

Steigerwalt gave the première of Iain Hamilton's Sonata No. 3 (candidly labelled "in B") 10 days ago in New York, and repeated it here. Its single movement alternates Lento meditations on a simple motif with brilliant scurryings up and down on the keyboard. There is less going on than meets the ear, I suspect, but it is a gratifyingly pianistic affair. Steigerwalt's means are just what it requires, and he gave it a crisply outlined shape. To be fair, he made an especialy persuasive case for the most expansive section, an Allegrissimo scherzoso in which a real musical argument is developed with skill.

Covent Garden

L'elisir d'amore

by DAVID MURRAY

This latest revival of Donizetti's *opera comica* at the Royal Opera has the veteran Carlo Bergonzi as *jeune premier*, and — in place of Daniela Mazzucato, who missed a rehearsal and was sacked — the experienced Adriana Anelli as the young heiress. Monday's performance was a schools matinee; I think the children got a stern, fair view of what opera is averagely like.

Bergonzi is still splendidly robust of voice, capable of hanging on to final high notes longer than one would have credited (the children near me began to giggle). He cuts a portly, grizzled figure, but lightens the effect by presenting Nemorino as distinctly slow-witted: his efforts to count twenty *scudi* on ten fingers were heartrending. Miss Anelli is a practised Adina, not ideally bright of timbre but pleasant and efficient. After Bergonzi had made his meal of "Una furtiva lagrima," the two co-operated through "Prendi, per me sei libero" in an excruciatingly coy reconciliation.

As before there was stylish support from Alberto Rinaldi as Belcore (casual about pitch, though) and Yvonne Kenny as Gianetta, and Dulcamara is again in the safe hands of Geraint Evans—a sharp cartoon, cleanly sung, never overplayed. There is nothing comparably light-footed in Claudio Scimone's handling of the score; he secures a tame, homogenous reading, in imperfect rapport with his singers.

In this version *L'elisir d'amore* was probably not the best children's introduction to the medium. Even if they studied their programmes first (very good, informative programmes, specially devised for the occasion) Act I was an hour-and-a-quarter of Italian: a general notion of the plot would be too little. John Copley's production, rehearsed by Christopher Renshaw, offers very few visual jokes. The lighting is redolent of the bad old days of the '50s — raw and patchy; Beni Montresor's pretty sets, pitched between Dufy and Odilon Redon, deserve much better. Though great care had obviously been taken to match the costume - spectrum with the settings, strong yellow fore-ground-lights did horrid things to scarlet jackets against rose-and-blue backgrounds. More recent Royal Opera productions — think of Chelton's *Macbeth* lighting! — have worked to an altogether different standard.

St. John's, Smith Square/Radio 3

Rosenberg & Crowson

by ANDREW CLEMENTS

For Monday's BBC lunch-time recital at St. John's the violinist Sylvia Rosenberg was partnered by Lamar Crowson in a programme of Beethoven, Stravinsky and Schubert. The choice of works was pleasingly unhackneyed, the playing lithe and well-focused.

Beethoven's violin sonata in G major op. 30 No. 3 must rate among the least played of the canon. But it should recommend itself to programme planners more often, with its concise three-movement plan of two rapid allegros framing a spacious and delicate minuet. It suited Miss Rosenberg's lean, rather nervy approach well; her tone has a tendency to wiriness, but the articulation of passage work was invariably immaculate. Mr. Crowson's fondness for explosive dynamic contrasts maintained the impression of quick responses, always alert and intelligent.

In Stravinsky's Duo Concertante, however, more flesh could have been laid on to its angular framework. It is a deceptive work, austerely neo-classical in many respects, but nevertheless writen with the background of a flamboyant virtuoso tradition. Miss Rosenberg might have given fuller weight to the double and tripe chording, though her poise in the opening cantilena and final dithyramb was impressive, and Mr. Crowson surprisingly did not make as much as he could of the work's rhythmic articulation. Schubert's *Rondeau brillant* seems to be enjoying a vogue at present (do his violin works, the C major Fantasy excepted, really merit the attention they are getting?) but it is a frustrating, repetitive work unimaginative of phrase structure and commonplace of incident. The players did what they could, paying great attention to ensemble and scrupulous voicing; there was too much base metal though, to produce more than the occasional golden phrase.

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Wednesday April 8 1981

Competition in banking

ANY DEVELOPMENT that increases competition in Britain's banking business should in principle be welcomed. This is the main consideration which should guide the Bank of England and the Government in their decisions on the two takeover bids for Royal Bank of Scotland. Both the original bidder, Standard Chartered, and yesterday's new entrant into the contest, Hong Kong and Shanghai Bank, are international banks with their most important operations in the Far East. Neither has any *significant presence in the* British domestic banking market.

There are, however, several *peculiarities of the three banks* involved in these bids which must concern the authorities. Royal Bank of Scotland has a small share in the English market through its subsidiary, Williams and Glyn's, but it is by a significant margin the most important bank in Scotland. The Scottish banking market is even more concentrated than the English one, partly as a result of a now defunct market sharing agreement between the Scottish and English banks in which both sides decided to keep out of each other's territories, and partly as a result of the spate of banking mergers in the 1960s.

Concern

There are now only three major retail banks in Scotland. *One of them*, Clydesdale Bank, is wholly-owned by Midland Bank in London and another, Bank of Scotland, is an *associated company of* Barclays Bank. Thus the prospect of Royal Bank of Scotland being absorbed into an international group, whether this is based in London or in Hong Kong, arouses some legitimate concern in Scotland. The existence of banks controlled in Scotland is possibly one of the factors which has enabled Edinburgh to survive as an important financial centre, with a set of traditions and a financial community independent of those in London.

The failure of Williams and Glyn's to make major new inroads into the English banking market since its merger with Royal Bank of Scotland suggests, on the other hand, that a change in ownership could liven up banking competition in England. Indeed, the English branch network of Williams and Glyn's is generally thought to be the main prize which the bidders for Royal Bank are seeking. Standard Chartered has made no secret of its ambitions to enter British retail banking, but has been frustrated by the difficulty of setting up a branch network from scratch. While it can be argued that if its bid for Royal Bank succeeded, Standard Chartered would be eliminated as a "potential competitor," the overall effect of a takeover on actual competition in English banking could well be positive.

Stimulus

The judgment about the balance between possible gains and detriments to competition and between the interests of different parts of the country is a difficult one to make in a complex merger of this kind. It is precisely the sort of task for which the Monopolies Commission exists. The growth of concentration in British banking since the 1960s may have been good for profitability but the gains to the customer are less obvious. The entry of foreign banks, especially from the U.S., has provided a valuable stimulus to new ideas, but any development which increases competition further—in the retail and in the corporate market—is very much to be welcomed.

Because of the disappointing results of bank mergers in the past and because of the vital importance of the banking system to the economy, the Government should allow the Monopolies Commission to examine both the bids for Royal Bank of Scotland. The authorities should not, however, oppose a takeover purely on nationalistic grounds.

Constructive

The fact that one of the bidders is based in Hong Kong should not count against it: *foreign banks have played an* extremely constructive role in British banking, especially in recent years. Moreover, with *British banks expanding* aggressivley overseas, it is important that the British authorities should behave *towards foreign banks in an* even-handed way. This does not mean that the Hongkong Bank should be absolved of reasonable *disclosure requirements* or that its long-term plans for Royal Bank should not be questioned. Both bidders must be judged according to the contribution to competition and innovation which they are likely to make.

Finland: longer term issues

CABINET CRISES and near-crises are nothing especially unusual in Finland, but the present wrangle about the *future of Mr. Mauno Koivisto* and his left-of-centre Government may prove to have been more than just another row. *Whichever way it goes, it is a* symptom that an era is approaching its end — the era in which Finnish politics were dominated by the wily and tough President, Mr. Urho Kekkonen.

Ultimatum

Mr. Kekkonen has, in effect, given Mr. Koivisto an ultimatum to resign on Friday if he cannot *get the coalition parties to agree* on a series of economic measures implementing an overall agreement on wages and *incomes concluded last month.* Mr. Koivisto initially appeared to be resigned to the inevitable. But then he considered fighting back. *If he decides to defy the* President he would take his stand on his parliamentary majority, and deny Mr. Kekkonen's *right to hire and fire* Prime Ministers at his own discretion.

What makes this battle of wills interesting is that Mr. Kekkonen, at the age of 80 and after almost 25 years as President, can hardly go on for ever. There have been rumours of late that he is beginning to feel his age. The next presidential elections are due to be held in 1984 and though the possibility of Mr. Kekkonen standing again cannot be excluded, potential successors are beginning to jockey for position.

One of these men is Mr. Koivisto himself. His popularity is high and, in the absence of Mr. Kekkonen he might very *well prove the favourite in the* electoral race to come. The Prime Minister is a Social Democrat, though he does keep the party at arm's length. Some members have even been pressing for his removal from office.

Mr. Koivisto bases himself on an alliance of the Social Democrats and Communists with the Agrarian Centre Party and the Swedish People's Party. The two left-wing parties are needed to ensure that the trade unions uphold the consensus politics which have served the economy well in the past few years.

But they also are elements in an unstable political equilibrium: the Communists are afraid that the Social Demo*crats are yoking them to* bourgeois policies: the Social Democrats cannot afford a position where the Communists, *from within the cabinet*, play the role of sole defender of working-class interests.

The presence of the com*munists in Government* is also a gesture towards Moscow. Mr. Kekkonen has always seen to it with consummate skill that Finland, while guarding its democratic institutions and free economy, maintains a close relationship with Moscow. A *mutual aid treaty exists with* the Soviet Union.

That relationship has served the Finnish econmy well. The Soviet Union has been a growing market for Finnish manufactures for some years now, cushioning the impact on Finland of the rising cost of energy. Nevertheless, the current account is in deficit and Finland cannot afford to lose competitiveness. Hence the importance attached in Helsinki to the framework agreement between trade unions, farmers, and employers governing incomes for the next 21 months.

Solution

Implementing legislation has been held up by differences between the social democrats *and the communists*. The latter want to be more generous to the lowest paid than does the rest of the coalition. Mr. Koivisto—*but not his party*—seems to be toying with a solution which would allow the communists to press their case without resigning from the cabinet and thereby pulling it down.

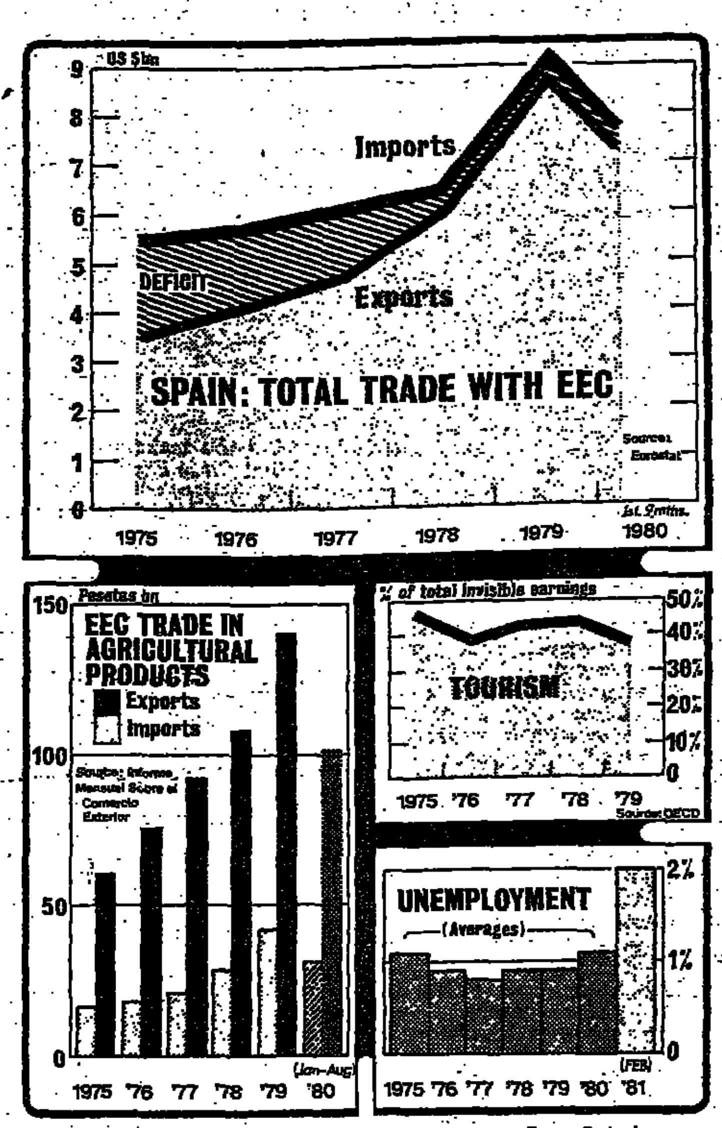
As regards the longer term issues, Mr. Kekkonen's contribution to Finnish history has been the *modus vivendi* with the over-powerful Russian neighbour. The need to maintain it is agreed ground among most, if not all who matter in Finland. Others elsewhere may, at times, speak scornfully of "finlandisation." For Finns, after the experience of two wars in the 1940s, it is a matter of survival.

SPANISH DEMOCRACY

Living in the shadow of a coup

By Robert Graham in Madrid

The coup that failed: Colonel Tejero (gun in hand) addresses the Spanish parliament. Now fears of a new full-scale coup still persist in Madrid. If it took place such a coup would have major consequences for international trade, tourism and foreign investment—and Spain's *future EEC membership*.



Brana Radovic

SIX weeks after the abortive military coup, Spain is experiencing a period of enforced calm with all the leading players in the political spectrum playing assumed roles.

The King, the symbol of the nation's unity, has alienated an *important section of the armed* forces.

The armed forces themselves are breathing over shoulders of the politicians, helping to mould policy where it most affects them. The political parties, meanwhile, are once again frightened of provoking the military. They have lost a good measure of their separate identities and a right of centre policy of "national interest" is emerging.

Even the trades unions have fallen into line. Under the present conditions they are certainly not presenting themselves as the champions of the working class.

What stimulates talk of another coup is the underlying unreality of it all. There is a profound awareness of past Spanish history and the interventionist role of the military. Spain, after all, has given the world key words in the vocabulary of military government—like *junta* or *pronunciamiento*.

Perhaps the greatest guarantee against another coup is that an important number of the military's grievance are being put to rights. Rather than being weakened and humbled, the armed forces as an institution are now stronger and the politicians are unwilling to offend them.

As one senior civil servant put it: "I am ashamed to have to admit it—but here we are, Spain, the world's tenth industrial power, and I cannot honestly tell the international bankers and technocrats who visit me what type of government we will have in a year's time. The politicians do not control their own destiny however well Calvo Sotelo (the Prime Minister) might appear to be doing at the moment."

Others argue that Spain's pressing problems of economic and social development provide little room for manoeuvre. "No matter who governs Spain, they will be obliged to pursue *more or less similar policies*," one prominent banker remarked. He backed up this view by pointing to the calm *reaction of the Euromarkets* where there has been no suggestion of a loss of confidence in Spain as a good risk *borrower*.

In Spain itself the four stock exchanges have not been plunged into panic selling—nor *has there been a run on bank* deposits. Only a small flight of capital has been detected and the peseta has held its ground since February 23.

The view, under the circumstances, is too sanguine, and is influenced by the fact that the coup was quickly aborted without bloodshed.

The armed forces have a deeply ingrained belief that they have an established right to intervene. They regard themselves as the ultimate guardians of the nation's destiny, and the constitution says as much. The coup attempt has not altered their view and there are currently two principal situations which could push them to intervene and "save" Spain.

The first concerns the campaign of terrorist violence perpetrated by the militant Basque separatist organisation, ETA. If the military feel that the civil powers are unable to control a campaign of escalated violence directed particularly against the armed forces, there will be strong pressure for military government. ETA for its part seems intent on provoking the armed forces, even though the main political parties have pointed out that its actions were a prime cause for the February coup.

The other factor goading the military into action will be any move that is seen by them as an attempt to humiliate the armed forces. They would, for instance, not take kindly to any effort to purge officers considered to have undemocratic views, or to moves by Parliament to reduce their influence. Nor will stiff sentences on the February rebels be acceptable.

At a more general level the military will be tempted to intervene if they feel the politicians are failing to govern Spain, especially if too much authority is delegated to the regions. The military could react in three distinct ways, and variations thereof.

- A "hard" coup instigated by the military, designed to place solely military personnel in government.
- A "soft" coup with civilian backing to install a government of national salvation that included civilians.
- A "white" coup which could take the form of either a creeping annexation of power by the military or a discreet pact, approved by the King, between the military and the bulk of the politicians in the case of a national emergency — such as a failure to control terrorism.

The February 23 coup attempt, according to a secret report submitted to Parliament by Sr. Alberto Oliart, the Defence Minister, was brought forward in time and was probably an amalgam of these three ideas — the main thrust of plotting was for either a "soft" or "white" coup. This was one reason why so many of the key military units hesitated and finally refused open support for colonel Tejero who seized Parliament and General Milans del Bosch who put his third military region of Valencia under military control.

Support for *a hard coup is* now believed to come from the pro-Franco colonels, majors and captains. This is the most dangerous prospect because it involves almost certain strife, disruption, and repression, with major consequences for international trade, tourism and foreign investment, let alone on Spain's own development.

This sort of coup would pose tough questions of diplomatic recognition and continued trade, especially on the EEC. Some 47 per cent of Spain's exports, now running at $20bn a year, go to the EEC — while Spain buys over 30 per cent of its $34bn worth of imports from the Community.

Spain in fact sells 65 per cent of its total agricultural exports to the EEC.

Because Spain has not yet joined the Community and still operates high tariff barriers, there are relatively few operations where multinational companies have genuinely integrated Spanish operations. The principal exception is the automotive industry, producing over 1m cars a year of which over 45 per cent are exported.

Nevertheless, foreign investment has been rapidly increasing sinc Franco's death five *years ago in anticipation of* Spanish entry into the EEC and is currently running at around $1bn a year. A survey *of foreign investment in Spanish* companies based on 1977 tax returns by the Commerce Ministry recently showed this *foreign stake was then worth* $2.5bn.

In this context it is also worth recalling Spain's depen*dence on foreign exchange from* tourism. Net receipts from 38m tourists are now worth an annual $5.6bn—covering just under *half* the country's oil import bill. Meanwhile, Spain has just over $20bn of outstanding foreign debt of which roughly half is either public sector or state guaranteed. (This is not exceptionally high given foreign reserves of $12.2bn and a debt service ratio of under 12 per cent.)

The other two coup solutions would, by their very nature, be designed to cause minimal disturbance, relying on the passivity of the population.

One of the principal elements persuading the February 23 plotters of their success was a widespread popular disenchantment with the democrtic process, an exaggerated faith having been placed in democracy *as a panacea* for all Spain's ills. Recent events have not reinforced faith in democracy among the bulk of the population

The danger in such neatly divided scenarios is that there is no guarantee of a "soft" coup remaining bloodless or an orderly yet repressive Turkish-style solution.

The questions about Spain's *future* direction are easier posed than answered. But it can be said with certainty that the military have moved into *the political arena from where* they are likely to stay for the near future. Indeed, even if the present uneasy calm be*comes more stabilised* it is *hard* to see how the military can be removed from politics.

Although over 2m people demonstrated *four days* after the coup in favour of democracy in the streets of Spain's major cities, this has not given the *politicians greater will to* put the military in the barracks.

The impression fast gaining ground is that the coup attempt succeeded in a number of its objectives. The politicians have been put on guard about riding roughshod over the Generals' wishes. Parliament has developed a collective *mea culpa* over its past behaviour and is trying to paper over the image of a factious irresponsible forum for the nation's problems. And law and order has become a major plank of government policy.

The military, so *aggrieved* by what they regarded as a dismemberment of the sacred unity of Spain through devolu*tion of authority to the regions*, are witnessing a sharp reversal in Government concessions to regional autonomy. Generally important, the *war against the* militant Basque separatist organisation, ETA, has been escalated, directly involving the armed *forces for the first* time.

Some 2,000 troops are now patrolling the French border, the Navy has *increased its* presence in Basque waters, and military intelligence has been co-opted into a joint anti-terrorist *command under* the aegis of the Interior Ministry. These latter moves resulted from an unprecedented meeting of the *King with 41 generals* and admirals in the special councils of the three service arms, along with the Prime Minister and *Defence Minister*.

This represents the first instance of what could be a creeping annexation of power by the military.

The argument that the military, by being made co-responsible for the anti-terrorist fight, become more easily controlled can be stood on its head. The military have also made it clear that they will not be humiliated. In terms of punishment for the abortive coup this amounts to no less than a demand for a whitewash job with token sanctions, which would reinforce the impression of their power and sacrosanct position in Spanish society.

The one person capable of bringing the military to heel is the King, *their commander-in-chief*. He did this once on the *night* of the coup but, as underground pamphlets now circulating *in army barracks* underline, this is the first time that a Bourbon king has gone against the armed forces.

It is encouraging *that* Sr. Calvo Sotelo has established in less than six weeks an authoritative public image.

There are profound contradictions within his own centre party. The Communist and Socialist parties are deeply unhappy about their passive role, and the key Basque and Catalan regional parties are in simmering revolt over a more restrictive approach to autonomy.

The armed forces are being *held in check because of a basic* unwillingness to launch events they cannot control yet are quite happy to breathe down *the politicians* necks as moral arbiters of the nation. So long as they feel the February coup has worked they will probably not be tempted to intervene, but it is an awkward and inherently unstable situation.

MEN AND MATTERS

Battle stations for Pope

The small print of a lease drawn up almost a century ago could cost the Canadian Pacific railway company damages running into hundreds of millions of dollars, if an Ontario appeal court rules in favour of Toronto stockbroker Joseph Pope, whose case against CP will be heard during the next five weeks.

The hearing *is* the climax of a 20-year legal battle fought by Pope, who spotted what he claims to be an anomaly in the dealings between CP and a subsidiary called the Ontario and Quebec Railway Company. O and Q was set up in the early days of Canadian Pacific, and leased the right of way between Montreal, Toronto and Windsor to its parent in perpetuity.

The discovery claimed by Pope is that the lease drawn up in 1884 related only to the railway tracks and not to the land on which they stood. And in later years particularly since the last war CP had realised the commercial potential of its prime city centre trackside *sites by selling or leasing some 900 parcels of land.*

Of the 20,000 issued O and Q shares, Canadian Pacific owns some 16,000. Of the remainder, *Pope has accumulated* 2,000 while the pension fund of the Eaton department store chain is also a substantial shareholder.

Pope lodged a claim for C$525m in 1974. Four years later the Ontario Supreme Court agreed with Pope's lawyers that *CP had an obligation* to pay several hundred million dollars' compensation to the minority Ontario and Quebec stock*holders*, ruling that "CP was a trustee in respect of any sale or exchange of the properties. It is the outcome of CP's appeal against that decision which will finally decide whether Pope's sharp eyes have earned him a multi-million dollar profit.

"Oh, Sims—he's in charge of the money supply!

Store wars

Chapman Pincher's espionage opus Their Trade is Treachery ("inaccurate and distorted"—Margaret Thatcher) has nipped *smartly* into this week's Bookseller hardback top ten. But the tight security surrounding the book's publication, with unsolicited deliveries made to bookshops according to estimates of their needs, by the publisher, Sidgwick and Jackson, has ruffled some feathers in the book retailing world.

"I trust that this is a temporary aberration which will not be repeated," says Arthur Mendelsohn, director of the London bookshop Collet's, in a letter to The Bookseller. He criticises not only the practice *of delivering without prior* ordering, but also the involvement of Booksellers' Association president Julian Blackwell, who wrote to bookshops supporting the tactics adopted by the publisher.

Not, I gather, that the leftist Collet's would have been too keen on Pincher's book even had it arrived through the usual channels. "We have a political attitude to that book—we don't try to hide the fact," says Mendelsohn. When the Sidgwick van rolled up to the *Tottenham Court Road* shop with Collet's allocation, its overtures were unceremoniously rejected. Not to sell the book was *a matter of principle*, says Mendelsohn, comparable to the stand which a retailer might wish to make on "hard or soft *porn.*"

Mendelsohn is not alone in his dislike of the launch—"It is not the job of the president *of the BA to tell me my job*," Leeds retailer David Austick told The Bookseller. Nonetheless, the hard sell and melo*dramatic* content has *ensured* a second printing for the book after a first run of 50,000 copies, good news for a trade other*wise seeing lean pickings*.

Bill of exchange

Lord Aberdare: My Lords, Charterhouse Japhet Bill: I beg to move that this Bill be now *read a third time.*

Lord Elwyn-Jones: My Lords, can the noble Lord enlighten us as to who, or what, Christopher *Japhet is?*

Lord Aberdare: My Lords, it is Charterhouse Japhet, who are a bank, and it is in connection with their take-over of Keyser Ullmann, which the noble and learned Lord probably also realises is a bank, that this Bill is concerned.

Lines engaged

The communication problems which have so often beset Sir Keith Joseph in the past seem to be troubling him again. The Department of Industry was due to publish a report yesterday by Professor Michael Beesley of the London Business School on the economic effects of giving private operators access to British Telecom's network to provide such services as electronic banking and mail. But the eagerly awaited event was postponed at the last minute.

No explanations were offered by the DOI—but a couple of crossed wires could account for *the failure. Beesley, I learn*, happened to have chosen yesterday to set out on a three-week personal business trip to *Australia. Did someone some*where forget to tell someone else?

Or did British Telecom itself engineer the *fault? Beesley's* report apparently recommends that BT should open its lines to competition. But such a move might further undermine its already badly hit revenues. Sir Keith may have had to put Beesley on "hold" until he has answered BT's plaintive queries about its own finances.

Breast stroke

With a prudent eye on competition for its tourist trade, Portugal has decided that it can no longer afford to be prudish. The country that, for years after the rest of Europe, insisted on men wearing tops with their trunks and long skirts and wide shoulder straps for women's swim-suits, is to allow nude bathing.

Many Portuguese, as well as tourists, have in fact been baring all on beaches south of *Lisbon for some years*, causing frequent public displays of outrage and horror among moralists who have scrambled over the *mountainous sand-dunes to* search them out.

Now an extraordinary meeting of the National Tourism Council has decided to legalise nudity. But only on specific, secluded beaches. "There must," says the Council sternly, "be *no wildcat nudism.*"

No tips

Card in a Birmingham shop window: "Refuse collector wanted for local factory. No *experience needed. Pick it up* as you go along."

Observer

هكذا من الأصل

Paul Cheeseright explains why the Thatcher Government strongly backs industry's efforts to win capital projects abroad

A quiet word overseas from the Minister

"I don't expect Government officials to get my projects for me. On the other hand I can't do much in the political field. I expect them to get the politics right for me"—Mr. Arthur Whiting, director of the Davy Corporation.

"Much closer co-operation between Government and industry will be necessary. . . . The Government needs to understand better how industry works and how it is necessary to respond quickly and not just as an afterthought when the going has got too hot"—Mr. Derek Glenton, commercial director, Davy McKee (Oil and Chemicals).

DAVY IS THE UK's biggest project contracting group. Its line of argument has been accepted at the highest level of Government as part of a conscious effort to win for the UK a larger share of the market for valuable capital projects, mainly in developing countries. At present UK sales for overseas capital market projects comprise about 5 per cent of the country's total exports.

Successive governments have supported the effort to win major capital projects overseas. GEC's successful bid for the Hong Kong Metro system was backed by the previous Labour Government. What is different about this Government is the greater intensity and vigour of its approach: Mrs. Thatcher, it is said, made suggestions about the shape of the package offered to Greece in the officially supported but abortive attempt to win a major power generation contract last year. And, noted Lord Selsdon, chairman of the Committee for Middle East Trade, there have been more ministerial visits to the Middle East by members of this Government than of any other Government since World War II.

On the face of it, this looks as if a supposedly non-interventionist Government is hastening towards another U-turn. In fact, it would be wrong to asume that the Government has a detailed strategy. Rather, it has struck an attitude which has led it to seek more efficiency and cohesion among the support mechanism which existed when it came to power, and to acknowledge that in difficult and highly competitive markets UK companies will be at a disadvantage without more sustained use of political leverage. It is patching up, rather than striking out on a new course. This follows both from the nature of the markets and from the structure of British industry.

There are three points about the nature of the markets. First, they are extraordinarily diffuse, running from power plants to sewage treatment, from irrigation ventures to computer installations, from hospital building to petrochemical plants, from harbours and roads to pesticide programmes. And each capital project has its own characteristics, each buying country has its own individual demands.

Second, the chase for contracts to develop such projects is not run along lines of classic economic competition where the cheapest and most efficient bidder wins. The markets have been distorted by subsidised cut-pricing, by soft financing, by the mixing of aid with commercial finance, by the offer of extra inducements such as long-term oil buying contracts, the provision of training facilities and by the forging of political alliances.

Third, and linked to this question of distortion, is the fact that recession in the industrialised world has forced contracting companies into the markets of largest growth for this type of work—the Third World. This has happened on top of an expansion of capacity in the Western world, an expansion which has proceeded apace since the late 1950s. The result has been that British companies have been in a buyer's market where the buyer often cannot or will not contemplate paying in cash and where great skill has been developed in playing one supplier off against another.

Waving the flag for capital projects overseas

The coalescence of these strands has in turn produced pleas from industry, expressed with increasing urgency, for greater political support from the Government. The pleas have struck a responsive chord, if only for the reason that the orders brought to the UK when a major contract is won hold down the level of unemployment.

In the framing of its response, which has emerged rather than been clearly stated, the Government had to bear in mind two factors which found expression in a February report from the National Economic Development Council:

- "Our national performance in winning overseas project business falls well short of the potential, both in the number of projects won and in the proportion of the total contract which is supplied from the U.K."
- "Competitor countries have industrial structures and institutions which result in more effective collaboration between all the different interests involved—consultants, contractors equipment suppliers, subcontractors project management, and the essential support role of government and the banks."

The Government, though, is clearly finding it easier to bring forward political support than to cajole or coerce into shape a base which makes the support tell. Ministerial visits, the quiet talks of prime minister to prime minister, are one thing: The ability to bring together competitive bids is quite another. "We cannot play the political-commercial game unless we have the cards in our hand," Mr. David Gore-Booth, Commercial Counsellor at the British Embassy in Jeddah, told businessmen interested in Saudi Arabian projects.

"There is no point in ministers going in if the companies are not competitive." Three bids by UK companies for railway contracts in Saudi Arabia were well down the list, he noted, "and no amount of political pressure would yank them up."

This suggests that ministers have to be very careful how and where they throw their weight. Bankers observe that timing is crucial and that ministerial intervention can often be very helpful when a deal is about to come to fruition. Hence the visit of Lord Carrington, the Foreign Secretary, to Nigeria, and a quiet word to his hosts about the Iwopin pulp and paper complex, helped to push the Lagos Government into approving a Morgan Grenfell financial package linked to the letting of engineering and construction contracts to UK groups. And, on a higher level, it was no coincidence that Davy Loewy, part of the Davy Corporation, won a steel mill contract in Morocco some six weeks after a recent Royal Visit.

Ministers are making visits all the time; usually they carry in their portfolio a list of the projects where British companies have expressed an interest, and more and more frequently, they are taking businessmen with them—like Lord Carrington to Latin America last year. But what has become apparent is that the British ministerial visits, tied in with the demands of the domestic parliamentary timetable, are less well orchestrated, when considered in terms of specific projects, and less opportunistic than those of a competitor like France.

The British ministerial approach is any case less disciplined because government is less corporate in style than in France, less involved in the running of industry and without a clearly defined export strategy linked to the development of domestic industry on the French pattern.

Instead, the British approach is one of reaction to choices funnelled up through the Civil Service or to industry lobbying for support in a particular case. *There does not appear* to be any regular group of ministers meeting to discuss capital projects exports. However, there is a shifting group around a a nucleus of the Foreign, Trade and Industry Secretaries and the Chancellor of the Exchequer, meeting as decisions are needed. These would often be related to whether a special export credits package backed by unusual guarantees should *be approved to win a particular* contract.

Businessmen are generally agreed, however, that the panoply of financial support from the Government is more adequate. "We have an excellent record in this country of ECGD support and overall I do not consider that UK exporters are at a competitive disadvantage with their rivals. Indeed, we are the envy of many countries," said Mr. Glenton.

The problem is rather in coordinating this support within Government and matching this with greater cohesion in industry's approach to the capital projects market. For its part the Government last year established the Projects and Export Policy Division (PEP), in the Department of Trade, bringing together elements of the British Overseas Trade Board, the Department of Industry and the Department of Trade itself. It is now the nexus of official and industry cooperation.

But the alignment of Government support, down from the Cabinet and through PEP, behind a project is most effective when concentrated behind a single bidder. It is at this point that the fragmentation of UK industry, its bias towards manufacturing as opposed to contracting, and its lack of the type of broad asset basis which can been seen in corporations such as Mitsui, Mitsubishi or Siemens, become an obstacle. It means that the Government is forced to diffuse support if it wishes to back all the companies involved, or forced into the position of making a choice between one group and another.

No ready solutions have come to hand. PEP seeks to unify bids when it becomes clear that more than one may be in the process of formation. But it will not, in the final analysis, choose the instrument. Meanwhile NEDC is studying the mechanism of co-operation and ideas are circulating, among them one which has emerged through the Committee for Middle East Trade. This suggests that if a company sees an opportunity in, say, the Saudi Arabian Development Plan, it should notify the Department of Trade, so that it can be put in touch with other groups interested in the same area with the aim of making a joint bid for a project.

Yet time is running out to patch and mend the potential for a better performance in the capital projects sector. Partly through recession and partly through greater international specialisation in product manufacture, the UK industrial base is declining. The Government's more vigorous approach may turn out to be a rearguard action.

Letters to the Editor

Fighting for the Savoy

From the Secretary, The Savoy Hotel

Sir,—It is difficult to keep up with the statements made by Sir Charles Forte which we know to be incorrect.

Here are two examples from the extensive feature you published on Friday, about his attempt to take over the Savoy.

1) That "the occupancy rate of the nearby Howard Hotel, not a THF unit, is more than double that of the Savoy."

This statement so surprised the chairman of the Howard Hotel that he has, he tells us, written to Sir Charles Forte saying that he is sure it is not correct, and asking him to refrain from making any further reference to the Howard Hotel in the context of the proposed acquisition of the Savoy Group.

The chairman of the Howard has kindly disclosed to us his occupancy rates, and we can confirm, after comparing them with ours, that Sir Charles Forte's assertion, which he could not possibly have verified, was entirely wrong.

2) That "they" (meaning the Savoy) "say the site (of the Savoy) isn't very good." No such statement has been made, nor would it be made, by anyone connected with the Savoy.

Sir Charles Forte may be anxious to acquire the Savoy, but he should try not to damage it in advance by inaccurate statements.

F. C. Sawford.
The Savoy Hotel,
1, Savoy Hill, WC2.

Flying the flag

From the European Product Co-ordinator, British Airways

Sir,—Mr. Elwood A. Rickless (March 30) claims that British Airways club class "is . . . nothing more than the old economy class" and that the Financial Times glossed over the "indignities" heaped on airline passengers travelling today in an article on club class on March 21.

The Financial Times would not do such a thing! Its readers may be assured that the "indignities" heaped on British Airways club class passengers in Europe (for little more than last year's economy fare incidentally) include free drinks, a meal service significantly better than the old economy meal, a good supply of newspapers, and an empty seat beside you in the club cabin wherever passenger booking levels allow. In reality, club class passengers now receive all the main features of the old first class, except for its traditionally larger, wider seat. British Airways decided against the retention of these first class seats in Europe on two counts; because we should not have been able to justify the reduction in fare level from first class to club which has been achieved (first class fares were 35 per cent above club fares); and because we have developed a flexibility of cabin size through the use of a movable cabin curtain divider, which allows the airline to supply seats to match passenger demand in each class. Because of this, it is logical to offer a similar seat size throughout the aircraft, so that the cabin "divider" can be placed wherever our passenger bookings require.

Additionally Mr. Rickless appears, inadvertently I am sure, to be factless in his reference to "bloated staffing." It is worth replying to his letter not only to explain again the value being offered in club cabins (for which thousands of our customers are weekly voting with *their feet) but also to inform* readers of an excellent newspaper that British Airways has "shed" almost 6,000 jobs in little more than 18 months. This completely painlessly. Few people realise either the extent or the success of British Airways self-imposed slimming process. This large number of loyal people (equivalent to many a smaller airline's total manpower) has left us on good terms, all without recourse to compulsory redundancy.

(Captain) R. A. Twomey.
British Airways,
P.O. Box 10,
Heathrow Airport (London),
Hounslow, Middlesex.

The way ahead

From Mr. G. Smith

Sir,—I read Malcolm Rutherford's article of April 3 with great interest.

The way ahead for a prosperous Europe—250m people—has to be rapid rationalisation of manufacturing and service industries' resources, so that the good things of life can be provided to very large numbers of people at lower and lower real cost, while continuing to pay the people who provide these resources more and more.

To make this change, without tearing our social fabric apart, is the real challenge—not to combine to try to stop the change occurring at all.

The Left wing of this country must try to see that events have overtaken their parochial and rather pathetic attempts to contrive fiscal or political solu*tions to the fast dying sections* of out-dated segments of the British economy.

The Right wing (of this country and of Europe) must try to generate some imaginative leadership, coupled to creative, people-employing, public works projects, so that the dignity of being useful to the community can be given to workers of all levels who will otherwise become permanently surplus to Europe's needs, as productivity surges ahead.

Geoffrey E. Smith.
Courtmacsherry,
Moreton Morrell,
Warwick.

The workforce at Weir

From the Chairman, Joint Union Committee, Weir Pumps

Sir,—The rescue of the Weir Group by a programme of financial reconstruction supported by 12 banks and underwritten by three organisations under the supervision of the new group chairman, Sir Francis Tombs, raises the question of what degree of accountability should the labour force receive and deserve. Though the workers welcome the rescue of Weir, the decision was made in absence of any trade union involvement.

This creates an atmosphere of helplessness and insecurity in the minds of employees. Information on which the financial institutions based their judgment, should be made available to the employee representatives, in order that they can comment and hopefully influence in a constructive fashion the future viability of Weir in order to secure future employment prospects and the inherent skills *of the labour force. To make* decisions on a purely financial aspect without recourse to the social consequences and the overall growth of an industry (which has the ability to provide the hardware for power supply in both national and international markets) without employee involvement in the decision making process is surely wrong.

What we require is an expansion of the home market (such as the modernisation and renewal of sewage and water treatment plants) so that we can avoid an overdependence of the value of sterling and the *effects this has on export com*petition. To compete successfully in international markets we require a UK consortium in the power supply industry, initiated by Government support and finance, so that we can compete on a national basis, pooling all the resources at our disposal in a joint venture. Without this development we leave ourselves at a disadvantage to foreign Governments who underwrite their consortia.

Unless our political and financial leaders appreciate this, then our manufacturing base will continue to decline.

William Maley.
149, Newlands Road,
Cathcart, Glasgow.

The rating system

From the County Treasurer, Gwynned

Sir,—Robin Pauley's article on industrial rates (March 30) is frightening in its implication for local government. Nevertheless, curtailment of local authority powers to raise revenue from general rates is a logical extension of present Government policies in relation to local government finance.

The *main point not* mentioned is that industry is more of a collecting agent than a payer of rates. The incidence falls on the domestic ratepayer who can neither pass on the cost to clients nor charge it against tax. Only the less efficient businesses are unable to follow these two courses.

Another aspect is the structure of the non-domestic rate. This includes the local authorities themselves who have to pay rates on schools, homes for the elderly and similar establishments. This represents a significant portion of the "industrial" rate.

The Local Government Planning and Land Act was a hurried piece of legislation necessitating a great deal of effort within local government *to make it workable.* On capital expenditure, for example, there is a dichotomy between total freedom for local authorities to spend within prescribed limits allowed by the Act and the *doctrine* of Ministerial responsibility to which individual government departments cling and which makes it difficult to determine priorities when they cross departmental boundaries.

Tampering with industrial rates could so easily upset the balance between local and general taxation and would mean looking afresh at the distribution of the rate support grant at a time when local authorities are above all else seeking stability in grant distribution to facilitate planning of services. It would be a pity if the Government failed to learn from the processing of the Local Government Act 1980 and *it is to be hoped* that a great deal more thought and consultation will take place before any changes in the rating system are contemplated. The Government must not proceed without a full understanding of all the implications and this time, must not blame local government for the results.

John Williams.
Gwynned County Council,
Caernarfon,
Wales.

Opencast coal

From Mr. H. Napier.

Sir,—Mr. Donald Davies of the National Coal Board Opencast Executive, in his reply (March 31) to the charge of lasting environmental damage made by the chairman of the Council for the Protection of Rural England, accuses Mr. Wade of a failure to make a balance between economic need and amenity.

Mr. Davies trots out red herrings designed to divert attention from the hard facts he chooses to ignore. To achieve a true balance is he prepared or able to justify his *statement of low* cost energy against the following facts, let alone justify his implied threat to increase opencast coal production?

Coal stocks have risen by 10.5m tonnes, 39.6 per cent in the last year. There is no profit in unsold stocks. Who pays for the cost of stocking? The taxpayer of course. Opencast coal production in the same period has increased by *2.9 mt, thus contributing* 27.6 per cent of the stock increases to be financed.

The fall in the UK demand for coal in 1980 was 5.9 mt, while in the first three winter months of 1981 the fall in demand accelerated to 2.8 mt.

Although Mr. Davies at last admits there is no profit in exported coal he makes no reference to the loss, and hangs his argument on the old chestnut of foreign exchange. Is he not yet aware that the surplus balance of payments from North Sea energy is the primary cause of the high pound, that the high pound plays a large part in the appalling unemployment which has led to the depressed home market? What can the nation do with the additional foreign exchange but purchase more foreign goods and so further depress the UK demand for coal energy?

Meanwhile the finite supply of the nation's invaluable farmland and the food produced from it continues to be eroded by the insatiable desire to increase opencast coal output and add to the inflated stocks.

Mr. Davies has totally ignored the financial argument which examines the marginal cost of opencast coal production first presented by the Opencast Mining Intelligence Group in November 1977 which has been regrettably reinforced by the rigorous test of time.

The National Coal Board promised to comment upon and reply to that argument but in 3½ years has failed to do so. Why the thunderous wall of silence Mr. Davies? I submit this is an admission of defeat and that the OMIG case has been proven.

H. D. Napier.
(Member of the Council for the *Protection of Rural England*—Durham and Teesdale Branch. Member of the Opencast Mining Intelligence Group.)
Friars Oak,
24 Mill Farm Road,
Hamsterley Mill,
Rowlands Gill,
Tyne and Wear.

Employing the young

From Mr. F. Kelly.

Sir,—As an employer of rural labour in Somerset I would like to comment on Anthony Moreton's article of April 3.

His reference to the proportion of Somerset people being employed in chemicals, vehicles, leathergoods, footwear, food, drink and tobacco needs qualification. What about quarrying? *The county is the second largest* producer of aggregate in the UK, employing directly or indirectly, over 3,000 people in this process.

I would also like to comment on his statement regarding towns being dominated by large companies. Admittedly C. & J. Clark dominate the labour potential in Street, but thankfully it has been that company's policy to establish manufacturing centres throughout other towns in Somerset and the west. Showerings, I would remind him, is the mainstay of Shepton Mallet not Frome, and members of this family firm have *done a tremendous amount to* develop the town centre and to increase the facilities generally.

I must also raise issue regarding the number of school leavers out of work due to factory closures. Somerset youths are no worse off than those in other parts of the country where overmanning in the past has been even greater than in the west.

Anthony Moreton applauds the country's aims of concentrating growth in the larger towns but what of the rural communities? Should our village population be required to travel daily to Taunton, Yeovil, Bridgwater and Frome? There is scope for the establishment of starter type industries in our rural communities, avoiding the displacement of families and allowing villages to remain lively and prosperous.

The planning authorities can assist in this direction without an additional burden on the rates. They should encourage existing small firms to expand by taking a more flexible view of applications to this end and not refuse permissions because the applications are not in exact accord with policy, or not "tidy" on the planners map.

Small industries need help but they are also capable of helping themselves. If they are encouraged to do so by the planners taking a more tolerant view such expansion would soon eat into the number of young unemployed and give them security for the future.

F. B. Kelly.
John Wainwright and Co.,
Shepton Mallet, Somerset.

Today's Events

GENERAL

UK: Meeting of Trades Union Congress economic committee.

Statement by Mr. Michael Marshall, Parliamentary Under-Secretary of State for Industry, explaining work of the National Remote Sensing Centre operating at Farnborough.

Further talks on clearing banks' pay offer.

South-east unions lobby Parliament.

Mr. David Steel, Liberal Party leader, speaks at National Chamber of Trade annual meeting, Café Royal, London.

Mr. Peter Walker, Agriculture Minister, at "Pig Farming" lunch, Café Royal, London.

Two-day conference of National Council of Women opens, Edinburgh.

National Association of Licensed House Managers annual conference, Norbreck Castle Hotel, Blackpool.

Overseas: West German Cabinet meets in Bonn on new economic plan.

European Parliament, Strasbourg — discussions on Maastricht European Council and policy towards Poland.

Further meeting of European steelmakers, Luxembourg.

Second and final day of NATO's Nuclear Planning Group meeting, Bonn.

PARLIAMENTARY BUSINESS

See Page 11.

COMPANY MEETINGS

Anglo-American Securities, 25, Great Winchester Street, EC, 2.45. Camford Engineering, Argyle Works, Stevenage, 12. Norfolk Capital Group, Royal Court Hotel, SW, 11.30. Nottingham Manufacturing, Botany Avenue, Mansfield, 10.30. William Whittingham, Metropole Hotel, Birmingham, 12.

Standard Chartered up 37% and £17.8m bad debt release

RESULTS FOR 1980 of **Standard Chartered Bank** were in line with projections made *last month when the proposed* merger with Royal Bank of Scotland Group was announced. Pre-tax profits for the year *climbed 37 per cent* from £169.8m to £232.5m, after showing a £35.1m rise to £121.3m in the first half.

Adjusted for inflation, current cost pre-tax profits for 1980 were £169.9m, compared with £118.8m.

Trading profits of the group were up *from £148.9m to £195.3m*, while associates' contribution increased to £37.2m (£20.9m). After tax of £100.4m (£85.2m) and minorities of £23.4m (£14m) net profits, as forecast, rose from £70.6m to £108.7m.

The net result was before exceptional credits of £50.3m this time, net of minorities. This arose from a review in the year of deferred tax liabilities in respect of both UK and overseas operations and also from a revised method of providing for unidentified bad and doubtful debts, which is now based primarily on past experience *related to* current levels of advances.

Release from bad debt provisions included as exceptional credits totalled £17.8m. At the end of 1979, the general provision for bad and doubtful debts stood at £65.8m.

The amount of provisions against identified bad and doubtful debts was £160.7m (£142m).

Almost all overseas territories increased profits, particularly those in the Far East, South-East Asia and Africa. The contribution from the U.S., although below initial expectations because of narrowing interest margins, was satisfactory.

Foreign exchange and Eurocurrency operations continued to expand but in line with general trends, other UK banking and finance activities suffered a decline.

The group's bullion dealing companies significantly improved results and benefited from exceptional trading conditions in the early part of the year.

The adverse effect on overseas profits due to the appreciation of sterling was around 3 per cent.

Earnings per £1 share advanced from 88.4p to 125.8p before exceptional items and from 88.4p to 184p after. As foreshadowed, the net dividend total is raised *25 per cent to* 32.5p (26p) with a final of 20.5p.

Extraordinary credits came to £1.1m (nil) including a provision of £1.2m in respect of the proposed special tax on UK banking deposits, and reflecting the exceptional items, net attributable profits emerged well ahead from £70.6m to £160.1m. The retained balance was £132m, against £48.1m.

Total assets increased from £13.01bn to £15.42bn at the year end. Advances and other accounts totalled £10.61bn (£8.79bn)

See Lex, Back Page

Trevor Humphries

Lord Barber, chairman of Standard Chartered Group

Further progress by Laing Properties

FOR 1980 pre-tax profits of **Laing Properties** showed a £1.4m advance to £7m, continuing the progress made in 1979.

After tax the surplus increased from £3.5m to £4.1m. Earnings per 25p share rose from 6.4p to 7.5p and the total dividend is lifted from 3.5p to 4p with a final payment of 2.5p net.

Growth in UK investment income was derived in part from the letting of office space previously vacant, in part from net additions to the portfolio and from existing properties. Income from the major interests in North America rose strongly in dollar terms, although less so *when converted to sterling due* to a further strengthening of the pound.

Of particular importance in *North America has been the* progress made with the acquisition of strategic sites, partly in joint venture with others. Taking the three areas of operations together, Atlanta, Seattle and Vancouver, these holdings are sufficient to support some 3m sq ft of office and industrial space, providing a firm basis for the future.

Development projects transferred to the investment portfolio in 1980 for long-term retention had a value of £24m. and produced a surplus over cost of £13m.

Retentions for the three years since the company's formation *amount to £59m at value* and show a surplus of £27m: North America contributed £21m and £8m respectively or about one-third of these totals.

Open market valuations of the company's investment properties were made by external valuers at December 31, 1980 The total of these valuations was £157m, of which £117m (74 per cent) was in the UK and £40m (26 per cent) in North America.

These new valuations show an increase of £67m (75 per cent) *above the previous external* valuations made as at November 1, 1978, the commencement of the company's first accounting period.

Net investment income, at £6.9m, was £1.3m or 24 per cent up on 1979.

As last year, trading profit was sufficient to cover corporate charges which, at £0.7m, were less than last year, due to a credit for interest receivable.

SPAIN

April 7	Price %	+ or −
Banco Bilbao	294	
Banco Central	335	
Banco Exterior	260	+3
Banco Hispano	290	
Banco Ind. Cat.	127	
Banco Santander	317	−5
Banco Urquijo	183	
Banco Vizcaya	316	
Banco Zaragoza	225	
Dragados	140	
Espanola Zinc	75	
Fecsa	58.7	+0.2
Gal. Preciados	30.5	+0.3
Hidrola	65	+2
Iberduero	55.5	+2.5
Petroleos	94	+1
Petroliber	70	
Sogefisa	85	
Telefonica	61	+0.3
Union Elect.	65	+2

John Finlan up sharply to £0.51m

THE ADVANCE in earnings from £141,582 to £223,474 seen by **John Finlan** at the interim stage continued in the second six months and for 1980 as a whole profits at the pre-tax level emerged at £507,977, compared with £330,976.

An increased final dividend of 2.5p (1.5p) raises the net total to 4p (2.5p).

The current year has got off to an excellent start and, with the workload satisfactory, the *directors view 1981 with reason*able confidence.

Turnover of this Widnes-based builder and land developer for the past 12 months improved slightly from £5.15m to £5.74m.

After a tax credit of £21,167, *against a charge of £172,002*, stated earnings per 10p share rose sharply from 5.3p to 17.64p.

Current cost accounting reduces the pre-tax profit to £450,000.

Jamaica Sugar shares are suspended

Shares of **Jamaica Sugar** Estates, the property development group, with insurance broking and real estate interests, were suspended yesterday pending publication of details of the group's reorganisation. The suspension price of the shares was 20p.

Mr. Nicholas de Savary recently acquired control of the *company.*

Electra to form new subsidiary

Electra Investment Trust is planning to launch a new subsidiary which will enable individuals to invest directly in unlisted trading companies.

Details of the offer will not be announced until early next *week, but the company said* yesterday that the new vehicle will not be a conventional investment trust.

KCA ahead £0.9m at year end

SECOND-HALF 1980 taxable *profits of* **KCA International** fell marginally from £1.81m to £1.72m, but the full year figure of this oil servicing and contracting group, *formerly known* as Berry Wiggins and Co., was ahead at £3.73m, compared with £2.82m.

Mr. Paul Bristol, the chairman, says the improvement was achieved throughout the group and reflected the continuing high level of activity experienced in the oil service industry. Also, in 1980 a contribution was made from two important new contracts in Pakistan and Canada.

Turnover for the year climbed £5.89m to £24.75m and the pre-tax *result was after share of associ*ates' losses of £36,000 (£145,000). Tax took £1.83m, against £1.43m, and attributable profits were up from £1.25m to £1.86m.

Earnings per 25p share rose from 4.57p to 6.78p and the net dividend total is stepped up to 5.25p (4.5p) per share, with a final of 2.75p.

The company is to float a minority interest in its wholly owned KCA Drilling Group and application for this issue has been made to the Stock Exchange and approval has been given in principle.

During 1981, contracts, both new and revised, *will reflect the* continuing buoyancy of the world's oil servicing industry. As a first significant step in the policy of developing the group's interest in the U.S. it acquired 51 per cent of the Baron Co. (oil and gas producer) and the Board plans further acquisitions during the year.

Income from the company's new drillship will accrue in the second half of the year, when it starts its contract with Campsa Offshore Spain.

● comment

KCA produced some solid figures yesterday, but the shares fell heavily, dropping 18p to 182p last night. Some 95 per cent of KCA profits came from drilling services. Drilling volume in the North Sea was up 15 per cent last year and mud volume was up 25 per cent. The engineering division broke even. But looking beyond the figures, which mildly *surpassed forecasts made at the* time of the November rights issue, much attention was focused upon the newest hive-off. *KCA Drilling Group will be the* latest in the tradition of Berkeley Exploration to obtain a separate quote, this time a full listing. KCA International, which fully owns the drilling business, will hive 25 per cent of this off to form the new company. The prospectus is expected in May. Meanwhile, Carr Sebag and Charterhouse Japhet are *working on the deal, which could* involve a market value of more than £60m. This would be ambitious, considering that yesterday's KCA *International* capitalisation came to £64.6m. The shares are now trading on a *p/e in the 20s*; this is calculated on a weighted average basis on profits after taxation and preference dividends and is definitely no bargain.

HIGHLIGHTS

Lex looks at the counter bid for the **Royal Bank of Scotland** from **Hongkong and Shanghai Banking Corporation** where an eight-for-five share swap values each Royal share at 213p on last night's prices—well ahead of **Standard and Chartered's** *offer*. *In passing Lex also considers* Standard and Chartered's lates profits for 1980. The March banking figures announced yesterday show Sterling M3 up by ½ of a percentage point which left the gilt-edged market weaker. Finally Lex considers the novel bond issue by **Petro-Lewis Corporation** where interest will be linked to the oil price.

Dorset Resources courts UK investors

BRITISH INVESTORS *are being* offered another vehicle for North American oil and gas exploration. **Dorset Resources**, a Calgary-based company, yesterday announced that it is seeking to place a minimum of 10m and a maximum of 20m share units at C$1 each. Included in each unit is a warrant to purchase additional shares at a price of $1.20 each.

Dorset, which is being sold by Canadian stockbroker Deacon Hodgson and London brokers W. N. Middleton and de Zoete and Bevan, is to participate in joint ventures in Canada and the United States with Northstar Resources, a Canadian exploration group.

Mr. John Hagg, president of Northstar, will also serve as *president of Dorset. Mr. Hagg* said yesterday he had been unable to find a chief executive for Dorset, although he was still searching. "That is a weakness in the deal," he commented.

Northstar currently holds *around 90,000 net acres in the* U.S. and Canada, and has been drilling for the past three years. It is listed on the Alberta and Toronto Stock Exchanges and the plan is for Dorset to obtain similar listings.

Dorset originally planned to raise 80 *per cent* of its money in the UK, according to Mr. Aubrey Baillie, senior vice-*president of Deacon Hodgson in* Toronto. But he explained: "Our ability to float $15m of shares in the UK market has changed *dramatically* over the past few months." Instead, Mr. Baillie said Dorset would now hope to place around 30 per cent of the 10m to 20m share units in the UK.

Mr. Hagg told a group of potential investors yesterday that during the next two years Dorset would contribute around 50 per cent of the funds for the Northstar drilling programme.

The Northstar/Dorset prospects are located in Texas, California, Michigan, Alberta, British Columbia and other parts of North America. Some 89 per cent of the Dorset proceeds will actually be used to drill for oil and gas.

● comment

After the recent failures and reduced offerings from Canadian oil and gas exploration companies, it is almost surprising to see another one. But there *are clearly those in the UK who* still crave a bit of North American speculation. There is nothing especially distinctive about **Dorset Resources**. A North American drilling fund which *may eventually* grow into a managed company on its own. But it is unfortunate that the company still has no chief executive. In addition, the fact that Dorset has provided for a spread of C$10m *to $20m in the sale of share units* illustrates the weakness of the UK market in this sector. Although not an exact parallel, TR Energy, with some of the best names in the City behind it, was yesterday trading at 96p: its offer price a few weeks ago was £1.

Yorks & Lancs rights issue to raise £679,000

Yorkshire and Lancashire Investment Trust is raising £679,000 in a rights issue of 2m new ordinary shares on the basis of one new share at 36p for every 2 shares held.

The directors say the funds are being raised so the trust can take up its entitlement under the rights issue by **Rocky Mountain Oil and Gas**, a company in which the trust has a 6.25 per cent equity investment.

The directors estimate the net assets of Yorkshire and Lancashire as at March 31, 1981 amounted to approximately £1.59m or 39.88p a share, assuming that the interim dividend is maintained.

Yorkshire and Lancashire will apply £131,250 of the proceeds of its rights issue to taking up its *RMOG entitlement and £50,000* to acquire further RMOG shares if they become available. The balance of £450,000, following the reduction of bank borrowings, will be invested in high yielding securities.

The issue has been underwritten by Arbuthnot Latham. Brokers to the issue are Cazenove and Henry Cooke, Lumsden.

Computer services group to obtai nUSM quote

Consultants (Computer and Financial), a computing services company, is coming to the Stock Exchange's Unlisted Securities Market by way of a placing of 290,000 new ordinary 10p shares —29.3 *per cent of those issued*, at 89p a share.

Formed in 1974, the company provides computer hardware, *software* and bureau services mainly to banks, stockbrokers and other financial businesses. Turnover has grown from £25,000 in 1976 to £417,000 last year while *pre-tax profit rose from £3,000 to* £82,000 in the same period.

Net tangible assets at December 31, 1980, were £41,900. However, the joint auditors, Couch Bright King and Finnie Ross Allfield, report a contingent liability of up to £49,000 that is not included in the accounts.

The contingent liability arises from High Court proceedings in *which Consultants is fifth defen*dent. The proceedings concern allegedly confidential information passed to the company by two ex-employees of Computer Machinery, a computer manufacturer with which Consultants trades. Computer Machinery has specified a loss of £37,308. Consultants contests the loss and denies it acted wrongfully.

The joint auditors report that the company has been advised that its maximum liability if the claims succeed, should not exceed this amount and that it would be entitled to a substantial contribution from other defendants. The company *has also* been advised that its maximum liability for its own and the plaintiff's costs should not exceed £12,500. *Consultants is involved in nego*tiations, without prejudice, to settle the litigation.

Consultants has six major service bureau clients and software packages designed for stockbrokers, commodity brokers and shipbrokers.

Consultants makes no profit forecast and does not intend to declare any *dividend in respect* of the current year. The directors see major prospects for expansion in multiple sales of specialised minicomputer software packages together with associated hardware.

The £205,000 proceeds of the placing are to provide the company with additional working capital.

The placing is being made by brokers Coni, Gilbert and Sankey, instructed by Munro Corporate Development.

● comment

Consultants (Computer and Financial) is coming to the USM with the customary fancy rating —22 times fully taxed 1980 profit —for a computing services company. *It has an excellent growth* record and is moving into the microcomputing system area that seems to offer considerable potential for further growth. The balance-sheet indicates an asset value of about 25p a share but *that includes nothing for the* software packages on which the group earns much of its income. The High Court legal proceedings look frightening but the group expects to reach an inexpensive out-of-court settle*ment, perhaps in connection with* orders of more computing equipment from the plaintiff with the placing proceeds. Interested investors could probably wait until the matter is settled.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aquascutum	1.3	June 4	1.3	2.05	2.05
Ash and Lacy	6.5	May 29	6	12.5	11.5
Bestwood	4.5	June 2	3	4.5	3
H. Brammer	3.7	—	3.7	5.5	5.5
CLRP Invest. int.	1.6	May 1	1.6	—‡	3.5
Dreamland	0.85	July 6	0.85*	1.2	1.2*
John Finlan	2.5	May 29	1.5	4	2.5
KCA Intl.	2.75	—	2.5	5.25	4.5
Scottish Metropltn. int.	1.25	Aug. 14	1.04*	—	2.71*
Soton. IoW Steam	11	—	9.5	15	13.5
Standard Chartered	20.5	June 5	16	32.5	26

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of not less than 1.9p forecast.

RESULTS AND ACCOUNTS IN BRIEF

HUGH MACKAY AND CO. (carpet manufacturer) — Results for 1980 reported March 9. Historic pre-tax loss of £114,035 (£534,669 profit) increased to £410,000 on CCA basis. Shareholders' funds £4.46m (£4.4m), deposits and bank balances £808,487 (£293,928). *Meeting, Durham, May 6, at noon.*

CITY AND FOREIGN INVESTMENT COMPANY—Results for 1980 reported February 13. Investments £3.05m (£2.56m), current assets £121,194 (£233,545); current liabilities £93,469 (£252,710); shareholders' funds £3.08m (£2.54m). Meeting, 117 Old Broad *Street, EC, April 27, 2.30 pm.*

EAST LANCASHIRE PAPER GROUP (paper manufacturing, processing and merchanting group)—Results for 1980 reported March 13 Fixed assets £6.59m (£5.79m): current assets £14.89m (£15.75m) including bank and cash balances £103,118 (96,527); current liabilities 11.07m (11.14m) including *bank loans and overdrafts* 2.28m (550,624); shareholders funds 9.71m (9.21m). Meeting, Radcliffe, April 30, 11.30 am

ALLEN HARVEY AND ROSS (billbroker and banker)—Results for year to February 5, 1981, already known. Listed investments £47.92m (£64.87m): bills discounted (after rebate) £110.04m *(£105.29m); negotiable certificates of* deposit (after rebate) £64.78m (£51.56m). Loans on security, assets leased and amounts receivable £14.32m (£13.45m), which includes housing loans to seven directors totalling £237,200 (£216,200). C.O.I.F. Nominees has a 5.76 per cent interest and Pearl Assurance Company has a 5.03 per *cent interest in the company's ordinary* shares. Meeting, 45, Cornhill, EC, April 30, 12.30 pm.

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Second-half fall puts Brammer lower at £5.9m

SECOND half pre-tax profits of **H. Brammer and Co.** fell from £3.46m to £2.65m, and the figure for the full year to December 31, 1980, came out lower at £5.88m compared with £6.41m. Turnover of this distributor of bearing and transmission equipment and manufacturer of Brammer V-Link belting and rubber products, rose from £39.14m to £43.67m.

The chairman says the company entered the year with an establishment appropriate to its then predicted *trading ambitions*. In the first quarter it achieved record sales and profits, but trading declined sharply in April and remained severely depressed for the remainder of the year.

By half-way, he says, the Board had restructured the establishment to reflect the lower level of activity.

The future outlook, he says, is based on the viability and stability of the group's current investments, which have survived very well the extremes of 1980 and contain significant potential for growth and development in the future.

The company's financial resources will be directed towards investment in related products and markets appropriate to future growth and development. The Board anticipates that, very probably, the introduction to Brammer of such opportunities will emanate more as a result of new investments in overseas markets—particularly the U.S.

In the short-term, the company has entered 1981 with a tightly-controlled establishment appropriate to the continuing depressed circumstances.

The year-end pre-tax figure was struck after interest charges slightly higher at £434,000 (£420,000). Tax was up from £1.75m to £2.37m. Attributable profits were down from £4.39m to £3.27m after extraordinary debits of £87,000 (£120,000) and exchange losses. Stated earnings *per 20p share were down 5p to* 13.9p, and the net final dividend is unchanged at 3.7p for a same-again total of 5.5p.

The historical pre-tax profits were reduced to £3.4m on a CCA basis.

● comment

After a strong first quarter things turned sour for Brammer, with volume in the last nine months down by about 6 per cent on the previous year. The company reacted by triming overheads and making 300 of its 1,700 staff redundant (costs taken above the line). Sales declined sharply until September but *have remained on a plateau ever* since. Still, with a strong balance sheet and a net cash position of £4.2m, down £1m on the year, Brammer is well placed to finance any acquesitions in the U.S. it may have up its sleeve. The shares edged up 2p to close at 152p, where they yield just above 5 per cent and the p/e, fully-taxed, is around 13.

Aquascutum dips below £1m

A DROP from £1.9m to £921,000 in pre-tax profits is reported by **Aquascutum and Associated Companies** for the year to January 31, 1981. Much of the decline came in the second half when the pre-tax figure was down from £1.28m to £579,000. Turnover for the year improved from £22.97m to £23.93m. There was a pre-tax loss of £167,000 on a CCA basis.

The chairman says the results are in line with his forecast at the interim stage. He expects 1981 to be another profitable year, however, although he says it is too early to make any firm prediction.

After tax down from £668,000 to £228,000, stated earnings per 5p share are 3.38p (6.05p), and the final net dividend is unchanged at 1.3p for a same-again total of 2.05p.

Aquascutum is a holding company with interests in the manufacture and distribution of high quality clothing.

Ash & Lacy rises and pays 1p more

TAXABLE PROFITS of Ash and Lacy, metal stockholder and perforator, edged ahead in the 53 weeks to January 2, 1981, from £2.59m to £2.64m and the dividend is being stepped up from 11.5p to 12.5p net with a final of 6.5p, compared with 6p.

The directors point out that as *expected, there was a downturn* in the second six months—profits for the period were £253,000 lower at £1.24m—due to a substantial reduction in demand for the company's products.

However, they say tight management control, the continuing success of the group's "*floclad*" *steel roofing sheet* product, a maintained performance from the galvanising and tank-making operations and earnings from cash resources enabled the company to "buck the trend" and achieve the profit increase.

The directors warn that for the current year demand for the group's products is still at a low ebb with little immediate sign of any upturn. They say that the company's performance will depend entirely on the extent, timing and speed of the expected recovery.

Sales for the 53 weeks improved by £1.18m to £27.86m but trading profits fell back from *£2.56m to £2.27m. Other income* rose to £371,000 (£28,000), however.

Tax *was much lower* at £297,000 (£778,000) after which earnings per 25p share showed a sharp rise, from 43.7p to 56.4p. The net balance emerged little changed at £2.24m (£2.29m) after extraordinary debits of £106,000 (£482,000 credit).

On a CCA basis the pre-tax surplus is reduced to £1.93m (£1.77m) before extraordinary items.

● comment

Profits of metal fabricators Ash and Lacy fell by almost a third at the trading level in the second half, reflecting the very difficult *conditions in the perforating and* expanding division and in the distributing businesses. How*ever, much higher investment in*come prevented a decline pre-tax, while the elimination of deferred tax for stock relief caused a 30 per cent rise in after-tax profit. The company is expanding its galvanizing business through acquisitions and counts on this, and the remarkably *successful Floclad*, to prevent any further decline in trading profit in the current year. The shares, which have risen to new highs recently, gained a further 10p yesterday to 238p. The fully taxed p/e is 7½ and the shares may pause now until there is some sign of profit recovery. The *dividend is covered more than* three times by CCA profit and yields just under 8 per cent.

Rocky Mountain Oil and Gas calls for £2.1m

A £2.1m cash call is being made by **Rocky Mountain Oil and Gas**, a UK oil and gas exploration company formed last July by merchant bank Arbuthnot Latham and Premier Consolidated Oilfields, the UK independent.

The issue, by way of 1.2m new ordinary shares at a price of £1.75 per share, is to be on a one-for-one basis. The deal is being underwritten by Arbuthnot Latham and brokers to the issue are Hoare Govett.

The proceeds will enable the company to participate in the 1980 drilling programme run by May Petroleum, a U.S. company. Rocky Mountain and Premier will jointly acquire a 25 per cent interest in 656,800 acres covering 24 prospects in seven states.

About U.S.$2.5m will be spent on the May programme and there will be a commitment to spend up to $2.5m more on geological and geophysical work.

The principal shareholders in Rocky Mountain are Scottish American Investment Company (20.8 per cent), Eastern International and Energy Trust (14.6 per cent), Arbuthnot Latham Holdings (11 per cent), Atlantic Assets Trust (7.5 per cent) and Yorkshire and Lancashire Investment Trust (6.25 per cent).

Rocky Mountain was started with an initial capital of £1.2m.

Borrowings fall at Dufay Bitumastic

Bank borrowings of **Dufay Bitumastic** have further *reduced* in the first quarter of 1981 and this reduction is expected to continue in the remainder of the year leaving the group, which is engaged in the manufacture and application of surface coatings, with a positive net cash position, Mr. Cecil Attwood, the chairman, says in his annual statement.

The fall in borrowings follows a reorganisation begun in the latter part of 1980 and which will be completed during the first half of this year. The effect of the reorganisation has enabled the group to cut its labour force from 610 to 510 in 1980 and to 450 by the end of March 1981, while still maintaining a capacity surplus.

As reported April 1, pre-tax profits plunged from £611,097 to £40,488 for 1980 on turnover of £10.72m (£11.05m). On a CCA basis, there was a loss before tax of £615,000.

At the year end, shareholders' *funds were up from £5.24m to* £5.81m, while secured bank overdrafts had fallen to £699,278 (£1.04m).

Meeting, Winchester House, EC, May 1, noon.

ASSOCIATES DEAL

On April 3, 1981, S. G. Warburg *and Co. Ltd., as an associate of* **Thos. W. Ward**, sold on behalf of a discretionary investment client 3,500 "B" ordinary 25p shares of **Tunnel Holdings** at 378p.

Carrington Viyella cuts debt in first quarter

Carrington Viyella has improved its working capital ratios during the first quarter of 1981, Mr. W. Fieldhouse, chairman, told shareholders at the troubled textile group's annual meeting. At the end of March, UK short-term borrowings were £15m—about £12m lower than at the same time last year.

But there had been few signs of any change in the trading environment since the end of 1980, when the group reported a pre-tax loss of £8.31m, down from profits of £8.49m the previous year, and paid no ordinary dividends.

After a poor trading month in January, there had been some improvement in February and March. But the strength of sterling and the world economic climate were still causing problems on low-priced imports into the UK, particularly of fabrics, the chairman said.

The planned joint venture in warp knitting with Guilford Mills Inc. was expected to take *effect in the next few days. The* directors believed this relationship would strengthen the group's warp knitting interests in Europe and make a major contribution to building a stronger overall position in textiles.

The chairman added that dis*cussions were taking place in* South Africa on the possibility of introducing a local partner to bring further strength to the group's already highly profitable operation in that country.

Heywood Williams plans £2.5m less borrowings

A disinvestment programme which was expected to reduce indebtedness by over £2.5m in the next few months was announced by Mr. Ralph Hinchliffe, executive chairman of **Heywood Williams Group**, at the annual meeting.

The group had been making a loss at the start of 1981 but, with the benefit of substantially reduced interest charges, a marked improvement was expected as the year progressed.

Indebtedness had already been reduced by over £1.1m by the sale of Porter and Haylett, boat builder and hirer, and the disposal of parts of Pitchmastic.

Borrowings would be further reduced by the curtailment of activities in Staveley Homes and withdrawal from the American restaurant operation.

As known, the group would now concentrate on aluminium extrusions, patent glazing, window making and glass distribution. A new paint plant would be in operation at the Finalex aluminium extrusion plant by September, said Mr. Hinchliffe, and the glass merchanting subsidiary had agreed to purchase a glass distribution business in Bury.

As a result of the disinvestment programme, Mr. Hugh Grayson had left the board. He would continue to be available in a part-time capacity.

Oil and property sectors boost Lazard Small Cos.

ANOTHER SUCCESSFUL year is reported for the **Lazard Small Companies Exempt Fund**, which during 1980 rose from £4.67m to *£6.33m with a unit price rise of* 20.7 per cent.

Mr. Mark Richardson, the fund's investment manager, points out that last year small companies' share performance tended to underperform the market as a whole after a long period of outperforming the *market. Since inception in May,* 1979, the fund has risen by 24 per cent against 3.5 per cent in the FT-Actuaries All Share Index.

The fund held up well last year because it heavily invested in two strong sectors—energy and property. It took its profits *in oil shares but considers there* is still further performance in property.

Mr. Richardson, referring to the potential growth in "management buy out" situation, where a subsidiary company is bought by its management from the parent, with institutional *help, says the fund was active in* this field and had already made its first investment in a management buyback situation.

The fund is also active in the direct venture capital area, but is operating through joint ventures with other institutions to reduce the risk of such operations. The fund also intends to *increase its holdings in unquoted* companies from the present level of 4.6 per cent.

CHI DISPOSAL

CH Industrials has sold Campra, its decorative trim subsidiary, to **Endolithic**, a public unlisted company which owns Reliance Nameplates.

The transaction, which excludes the two freehold factories at Eaton Bray and Hertford and therefore only relates to net working assets of about £330,000, involves the transfer of a bank overdraft amounting to £370,000 and the payment of a cash sum based on audited net assets of the company at March 31, 1981, which could be in the order of £100,000.

If Endolithic takes up its option to the 25-year leases on both factories, the net positive contribution to CHI results after an *initial one-year rent-free period will be around £150,000* a year.

Soton, IoW raises dividend

PRE-TAX profit of **Southampton, Isle of Wight and South of England Royal Mail Steam Packet** rose from £1.44m to £1.59m in 1980, on turnover up from £6.44m to £7.07m.

At the *half* year stage the company made a profit before tax of £531,571 (£343,137) on turnover of £3.21m (£2.61m).

The directors have recommended a final dividend of 11p (9.5p) per 50p share making a total of 15p (13.5p), and a scrip issue of one-for-one.

Tax for the year took £833,330 (£753,156). Pre-tax profit on a CCA basis was £869,638.

Provident Mutual investment

THE **Provident Mutual Life Assurance Association** last year invested £15.5m of its new money in equities, of which £7.7m was overseas, compared with £51.7m in gilts.

Mr. David Robertson, chairman, points out that currently there are several opportunities to invest in overseas growth companies, whereas there is little opportunity in the UK.

He emphasises that the prime objective of any life company is to secure the best returns available on its investments and when the opportunities arise to invest in good growth companies in the UK there will be no shortage of funds.

The association also made substantial property investment last year, putting £21.9m direct into property and making £3.4m net advances on house mortgages.

The largest investment in this sector relates to a shop and office development in Sutton, Surrey, costing nearly £10m; of which £4.2m was committed in 1980. The association also widened the scope of its *property portfolio to* include tenanted farms, investing £1.6m on two arable farms in Norfolk and Lincolnshire.

Premium income last year improved by 16 per cent from £89.5m to £104m, passing the £100m mark for the first time. Investment income jumped by one quarter from £40m to £51.3m, while claims and expenses were up by 27 per cent at £59.4m. The value of long-term funds at the end of 1980 stood at £582m against £435m

ARGUS BUYS U.S. PUBLISHING GROUP

Argus Press Holdings, a subsidiary of **British Electric Traction**, has acquired the U.S. publishing group, **Communication Channels Inc.**

CCI, based in Atlanta, Georgia, publishes 16 business magazines and a number of yearbooks and directories. It has sales offices in New York, Cleveland, Chicago, Dallas, Los Angeles and Fort Lauderdale.

LONDON TRADED OPTIONS

(April 6 Total contracts 1007)

Option	Ex'rcise price	April Closing offer	Vol.	July Closing offer	Vol.	Oct. Closing offer	Vol.	Equity close
BP	330	38	20	—	—	—	—	364p
BP	360	12	20	34	30	46	—	"
BP	390	3	10	15	55	26	—	"
BP	420	¾	—	11	23	16	—	"
BP	460	½	—	6	10	—	—	"
Com. Union	160	10	103	18	—	23	—	167p
Cons. Gold	420	62	3	80	—	92	1	478p
Cons. Gold	460	22	2	53	—	70	1	"
Cons. Gold	500	—	—	33	2	45	2	"
Cons. Gold	550	—	—	15	21	28	7	"
Courtaulds	50	14	10	15½	—	18	—	63p
Courtaulds	70	⅝	10	3½	15	5	7	"
GEC	600	73	1	90	—	108	—	668p
GEC	650	24	54	50	—	58	—	"
GEC	700	4	5	23	6	42	1	"
Grand Met.	140	61	—	56	17	59	—	190p
Grand Met.	160	31	95	36	—	39	—	"
Grand Met.	180	11	4	19	52	24	10	"
Grand Met.	200	2½	1	9½	12	13½	—	"
ICI	240	16	—	30	2	42	—	252p
ICI	260	4	15	17	25	30	—	"
ICI	280	⅝	36	10	2	20	11	"
ICI	300	½	—	5	10	13	—	"
Land Sec.	390	31	3	43	—	59	—	419p
Land Sec.	420	8	5	25	13	40	—	"
Land Sec.	460	1	—	8	2	25	—	"
Marks & Sp.	120	6	10	12½	1	16½	—	125p
Marks & Sp.	130	2	10	6½	—	11½	—	"
Shell	360	7	10	22	—	40	—	350p
Shell	390	1	—	12	6	20	—	"
Shell	420	½	32	4	4	10	—	"
Shell	460	¼	—	2	6	6	2	"
Totals			435		313		42	
		May		August		November		
Barclays B'k	360	43	—	52	1	62	—	396p
Barclays B'k	390	20	1	33	—	43	—	"
Barclays B'k	420	4	49	20	—	30	—	"
Imperial Gp.	70	7½	110	11	—	12	—	77p
Imperial Gp.	80	2½	153	5½	54	6½	—	"
Lasmo	550	15	1	42	—	62	—	534p
Lasmo	600	6	4	24	—	44	—	"
Lasmo	660	2	15	17	1	25	—	"
Lasmo	700	1	4	9	—	15	—	"
Lonrho	90	6	10	14	—	17	—	92p
Lonrho	100	3	12	8	—	11	—	"
Lonrho	110	1½	—	5	—	7	2	"
P. & O.	110	38	1	41	—	—	—	148p
P. & O.	120	28	60	33½	2	36	—	"
P. & O.	130	18	1	25	—	29	60	"
P. & O.	140	8½	7	18	11	22½	—	"
P. & O.	160	2	18	7½	—	12	12	"
Racal Elec.	300	77	1	87	—	—	—	369p
Racal Elec.	390	7	12	25	—	38	—	"
RTZ	414	55	1	—	—	—	—	465p
RTZ	454	30	3	—	—	—	—	"
RTZ	460	—	—	47	1	62	—	"
RTZ	500	—	—	25	16	42	—	"
Totals			463		86		74	

MINING NEWS

Gold mine profits down 21% in first quarter

BY KENNETH MARSTON, MINING EDITOR

NET PROFITS of the South African gold mines in the Consolidated Gold Fields group for the March quarter have fallen by 21 per cent on average from the previous three months to a total of R158m (£89.7m).

This reflects a fall in the *average gold price received of* 14 per cent to R13,572 per kilogramme (equal to $519 per ounce at the current exchange rate) from R15,776 in the December quarter. Gold output was 2.1 per cent down while the rise in *working costs was held to a* modest 3.5 per cent.

The young Deelkraal mine has suffered an 81 per cent fall in latest net profits on a combination of a lower than average gold price received — prices obtained *by individual* mines vary in line with the timing of sales — and an 8 per cent rise in working costs. As a consolation, the mine has obtained good values in development sampling on its Deelkraal reef during the past *quarter.*

Libanon's lower profits have been cushioned by a sharper fall in the tax charge. At East Driefontein, profits have been additionally affected by a fall in the grade of ore treated which has offset the effects on gold production of increased ore milling, but latest development values are higher for all three reefs at the property.

On the other hand, development values at Kloof's Ventersdorp Contact reef have fallen back after the sharp improvement seen in the December quarter. The marginal Venterspost has suffered *from a lower* than average gold price together with a fall in gold grade during the past quarter.

The latest quarterly net profits of the group's mines are compared in the following table.

	March qtr. R000s	Dec. qtr. R000s	Sept. qtr. R000s
Deelkraal	3,694	6,690	4,461
Doornfontein	14,469	22,220	15,823
East Driefontein	46,510	56,999	59,120
Kloof	34,573	41,891	40,011
Libanon	11,245	12,341	12,750
Venterspost	3,634	5,635	5,008
Vlakfontein	552	807	618
West Driefontein	43,706	52,943	55,078

Japan funds Canada coal plan

THE SIGNING of sales contracts with Japanese customers for coal *from the Quintette* and Bullmoose mines in north-eastern British Columbia will have benefits far greater than the profits accruing to the two Canadian companies principally concerned. Denison Mines and *Teck Corporation.*

The two deals, reported here in January, are together worth some C$8bn (£3.1bn), and will involve capital expenditures of almost C$3bn by 1984. Some 115m tonnes of coal are to be *supplied to Japanese steelmakers* over 15 years starting in 1983.

The private sector will put up C$1.6bn of this for the development of the two mines, townsite and port loading facilities, with the remainder coming from the *Canadian Federal and British* Columbia Provincial Governments for the rest of the necessary infrastructure, including rail lines, roads and power lines.

According to the Hon. Robert K. Andras, a senior vice-president of Teck, *there are already four* additional mines in the area in serious negotiations on development planning and sales contracts.

By 1990, he said, it is realistic to expect production to rise to 23m tonnes of coal a year, using essentially the same proposed new transport network that will be *put in place* and paid for as a result of the first stage.

Effectively, then, the Japanese customers of Teck and Denison are paying a price for their coal that will finance the opening up of a major new coal mining area *in this undeveloped part of* Canada.

Mr. Andras said that the first two contracts will provide more *than 10,000 new permanent jobs.*

The Federal and Provincial Governments, he went on, will not only recover their investment in coal development in the area, but will also make a substantial overall profit during the life of the *two contracts.*

The amount of coal involved, he added, represents a little over 1 per cent of known coal reserves in north-eastern British Columbia.

The price the Japanese have agreed to pay under the contracts is the highest ever paid on a long-term coal contract, Mr. Andras said. The quoted figure of C$75.50 a tonne is the price applying on April 1, 1980, and is steadily increasing.

Last week, just one year later, the price was above C$80 a tonne, and it is expected to reach around *C$100 a tonne by 1984, the first* year of full production.

"The Japanese have agreed to a top price as their contribution towards getting our northern-rail system and northern port system developed," he concluded.

MTD Mangula slumps to Z$0.98m for year

A TALE of woe comes from the Zimbabwe copper - producing *MTD (Mangula) subsidiary of* Messina (Transvaal). Net profits for the six months to March 31 have dropped to Z$983,000 (£686,000) from Z$6.9m in the same period of the previous year.

No interim dividend is to be paid; for the year to last September an interim of 29 cents (20p) was followed by a final of 9 cents which reflected a second-half turndown.

The poor performance in the first half of the current year is ascribed to reduced production as a result of dilution of the ore grade coupled with lower operating efficiencies. In addition, mining costs increased "significantly" and lower prices prevailed for copper and, particularly, silver.

Mangula adds that no marked improvement in production is expected in the current *half-year.* So unless there is an increase in metal prices, profitability is unlikely to improve. The refinery came into production on schedule but it is stated that the benefits will only have an impact on results in the future.

Fortunately for the South African parent, Messina, its industrial interests which include the Datsun-Nissan vehicle franchise, should have another good year. But the continued low level of copper prices and the setback at Mangula must dampen earlier hopeful forecasts.

In London yesterday Messina eased 5p to 290p while the shares *of Mangula* were unchanged at 70p.

U.S. uranium partnership dissolved

AMERICA'S Homestake Mining, *the biggest gold producer* in the U.S., and United Nuclear have dissolved their uranium joint venture, United Nuclear-Homestake Partners.

The partnership operates four underground mines and a mill near Grants, New Mexico. United Nuclear has a 70 per cent interest; and Homestake, the operator, holds the remainder.

Under the terms of the dissolution agreement, Homestake has paid United Nuclear $20m (£9m) for properties and a further $3m for uranium stocks, and has taken over all debts and liabilities of the partnership. United will also receive a production royalty from uranium properties held by the partnership.

Homestake is to continue operating the complex, which last year produced about 1.6m lbs of uranium.

United said that the properties involved represent a small fraction of the company's uranium reserves, and that the deal is in line with its programme of diversifying to areas outside the nuclear sector.

Hecla imposes time limit on bid for Day

THE CONTROVERSY over Hecla Mining's attempt to displace Sunshine Mining as the biggest silver producer in the U.S. by acquiring Day Mines has been heightened by Hecla's decision to impose a one-week time limit on approval of the offer by Day's directors.

Hecla has filed an amendment to its offer with the Securities and Exchange Commission, to the effect that it will be withdrawn at noon on April 9 unless Day notifies Hecla that its directors have authorised the negotiation of a definitive merger agreement.

Mr. William M. Calhoun, Day's president, has already claimed that Hecla has not provided enough information about the bid for his company to decide what might be in shareholders' best interests.

Accordingly, Day has again sent Hecla a list of 12 questions it would like answered before it can properly consider the approach. The same questions were originally put to Hecla last month, when the offer, worth around $165m (£76m), was first made. Hecla has offered 1.65 of its own shares for each Day *share.*

GOLD MINE TO BE RE-OPENED IN MANITOBA

THE San Antonio gold mine near Bissett, Manitoba, which operated from 1932 to 1968 is to be brought back to production in a joint venture of Canada's Brinco and *New Forty-Four Mines.* The *development programme which* is to be completed towards the end of this year will cost about C$15m (£5.8m).

An annual gold production of 22,000 ounces is envisaged from mineable ore reserves which have been confirmed by a recent exploration programme at 800,000 tons of ore grading an average *0.19 ounces* (5.9 grammes) gold per ton. Before it closed the mine produced more than 1.1m ounces of gold and 180,000 ounces of silver.

AMAX RAISES ACM STAKE

AMERICA'S Amax, currently the subject of a world record takeover bid from Standard Oil of California, is to spend almost A$3m (£1.6m) to bring its stake in Australian Consolidated Minerals (ACM) to 39.2 per cent.

Amax already holds 29.2 per cent of ACM, and is paying 45 cents a share for a further 6.5m shares, a premium of about one-third on market prices; the shares were 18p in London yesterday.

ACM's *principal* interest is a 50 per cent stake in a joint venture which is conducting a *preliminary feasibility study into* re-opening the former Big Bell gold mine on Western Australia's Murchison gold field. The other partners are Nickelore with 30 per cent, and Metals Exploration with 20 per cent.

Some quite encouraging gold grades have already been reported from a vertical depth of 700 metres, and the consortium is due to report on three further drill holes to a depth of 1,000 metres later this month.

SHARE STAKES

Nu-Swift Industries—Mr. Ivan Dorr, director, *disposed of* 145,906 ordinary shares.

Brownlee and Co.—Tyndall Equity Pension Fund (a subsidiary of Globe Investment Trust) has bought 20,000 ordinary of Brownlee and Co., bringing Globe's total holding *to* 1.06m (9.97 per cent).

Throgmorton Secured Growth Trust—D. E. Franklin, director, acquired *65,000* shares and now holds 8.36 per cent.

Erskine House—Capital for Industry has acquired a further 440,000 ordinary shares.

London Sumatra Plantations—As at April 6 Harrisons and *Crosfield, had a total interest in* 13.74m shares (86.25 per cent).

Aeronautical and General Instruments—Temple Bar Investment Trust acquired 145,000 shares (36.25 per cent). Electra Small Companies Exempt Fund acquired 252,000 shares (6.30 per cent). Globe Investment Trust has disposed of its entire holding.

Greencoat — Guinness Peat *Group has acquired an interest* in a further 518,710 ordinary shares. It now has an interest in 15.86m shares (49.84 per cent).

Leda Investment Trust—London Trust Company has sold a further 200,000 income shares, thereby reducing its holding to 335,000 shares (6.73 per cent).

BIDS AND DEALS

Bardsey gets control of L & E

Bardsey has gained control of London and European Group. Holders of 5,416,451 shares in London and European have made *irrevocable undertakings* to accept Bardsey's offer. Together with the 495,000 shares Bardsey holds this represents 50.069 per cent of London and European's share capital.

Before Bardsey made the offer *it owned 25,000* L and E shares. On April 6, Bardsey bought 385,000 L and E shares through stockbrokers Capel-Cure Myers, and on April 7, it bought 85,000.

Bardsey's 495,000 shares represents a 4.15 per cent holding in *L and E.*

Thomson T-Line offer talks end

Thomson T-Line said yesterday that talks over a possible offer has ended. It shares were *suspended last month* on news of an approach. At yesterday's 43p share price, after the suspension was lifted, the company is worth nearly £690,000.

The merchant bank advisers to the caravan company, Kleinwort Benson, said they would continue to look for a buyer for the 60 per cent holding of Mr. David Thomson, the chairman.

The prospective buyers were Mr. Bob Morton and Mr. Alex Merrit, *who sold* their Euro-Exhaust company to Kwik-Fit in a deal worth over £10m more than a year ago.

They each hold a 5 per cent stake in Thomson. The deal is believed to have fallen through *over certain property* valuation guarantees wanted by the buyers. The price involved was substantially above the market value of the shares.

BEALES/NOTTM. REFRIGERATION

A subsidiary of **John Beales Associated Companies** has entered into an agreement to acquire the issued share capital *of Nottingham Refrigeration* for an initial cash consideration of £34,400. An additional consideration may be payable depending on the level of profits earned by Nottingham Refrigeration during the 23 months to March 19, 1983.

Nottingham Refrigeration's net trading profits for year ending December 31, 1980, amounted to *£36,375 before tax and directors'* bonus and pension payments.

On the basis of the formula in *the agreement, an additional cash* consideration may be payable after the completion of the audit of Nottingham Refrigeration for the year ending March 19, 1983.

L & S Finance buys 25% of RIGP

Lloyds and Scottish Finance, the finance group, has acquired 25 per cent of **RIGP Finance** from **Tube Investments**. The deal, worth £839,000, brings Lloyds and Scottish Finance's shareholding to 75 per cent making RIGP a subsidiary company.

RIGP, based in Nottingham, is a finance company specialising in the provision of instalment credit facilities to the motor cycle trade.

Purchase of HK Rediffusion stake approved

The Hong Kong Government has approved an Australian consortium's purchase of a 61.2 per cent stake in Hong Kong's Rediffusion Television from *Rediffusion Ltd. of the UK.*

The consortium, consisting of CRA, Henry Jones (IXL) and David Syme and Co., announced on February 16 that it wished to buy the stake for £9.7m, along with the TV station's premises.

Rediffusion, a subsidiary of BET, will retain a 19.9 per cent stake. Local Hong Kong shareholders will also keep 18.9 per cent.

NCC lifts Simplicity stake and repeats merger hint

Mr. Graham Ferguson Lacey, chairman of NCC Energy, yesterday announced the purchase of more shares in Simplicity *Pattern company* of the U.S., the acceleration of possible merger talks between the two companies, and an imminent announcement about the current takeover talks by UNC Resources, another U.S. company, for NCC.

NCC has spent another $22m (£10m) increasing its stake in Simplicity from the 5.5 per cent it acquired at the end of last month to 15.4 per cent. In recognition, three NCC directors are *to join* Simplicity's Board and Mr. Ferguson Lacey is to chair the company's executive committee.

Mr. Ferguson Lacey said yesterday that "discussions which might lead to a merger between the two companies will be accelerated." Mr. Harold Cooper, chairman of Simplicity, said that his company "looked *forward to working with NCC* towards a business combination of the two companies."

However, he insisted that "neither the forms nor the terms of such a possible transaction have been arrived at."

A spokesman for NCC also said yesterday that an announcement about the merger talks which UNC Resources began a month ago for NCC could be made this evening.

Thomas Tilling expands UK mineral interests

Thomas Tilling is making an agreed offer for **The Oxted Greystone Lime Company**, the holding company of a privately owned group operating in Surrey and Sussex in the extraction and processing of chalk, and the production of hydrated lime and ready-mixed mortar. The consideration will be satisfied by the issue of 420,800 new Tilling ordinary shares worth £690,000 in the market.

The directors of Oxted are recommending the offer and have agreed to accept it in respect of their own holdings amounting to 27.14 per cent.

Oxted and its subsidiaries made a profit before tax of £112,169 on group sales of £976,525 in 1980.

If the offer becomes unconditional, Oxted will become a subsidiary of Tilcon, Tilling's principal operating company, engaged in the production and supply of construction and industrial minerals, materials and *services.*

Tilling has reported 1980 group sales of £1.7bn and profit before tax of £70.7m.

Canadian owners to sell York Trailer interests

THE Canadian owners of York *Trailer Holdings have decided to* put up for sale their 60 per cent holding in the loss-making UK company.

York Transport Equipment, owned 75 per cent by Northants Investments of Ontario, said yesterday that it had instructed London stockbrokers Phillips and Drew to act on its behalf.

Northants is owned by the two sons of the chairman of York Trailer, Mr. Fred Davies, who has decided he wants to return to Canada. The Canadian decision to sell the stake was sparked off by the UK company's decision *to suspend some £100,000 worth* of management fees to the Canadian company.

"This is a strictly hard-nosed approach," said Mr. Alan Mckanna, executive vice-president of York Transport in Ontario. "If something isn't producing, I'll have the cash."

He said the Canadian company *had been considering for some* time the sale of its York Trailer holding. The company's main competitors in the UK market are Crane Fruehauf of the U.S. and *Tasker, a subsidiary of John* Brown.

York has around 15 per cent of the British market. In the nine months to last August, it made a loss of some £1.2m.

At yesterday's share price of 13p, up 1p, the company has a stock market valuation of £1.4m. Contacted on Monday night, *Phillips and Drew had not heard* from any potential buyers after announcing the intended disposal yesterday.

The decision to sell the stake, said Mr. Mckenna, was "an absolutely straightforward investment *proposition.* We're not getting a dividend, and we're not getting a management contract, so what is it producing?"

He added: "Frankly, I'm not interested in holding an investment." What was not clear yesterday was how the decision to suspend the management contract had been arrived at and *with* what reason.

"It was done in considerable impetuosity," said Mr. Fred Davies.

New board plans to modernise Old Swan

MAJOR boardroom changes have taken place at Old Swan Hotel (Harrogate). Mr. Geoffrey Wright, chairman, has retired from the board and Mr. P. Mcdonald has been elected in his place.

Mr. Wright and certain associates have sold 223,000 shares (8.9 per cent) to non-discretionary clients of *Investment Intelligence.*

Mr. T. M. Aiken, a director of Intel, Mr. T. S. Jameson and Mr. B. D. O'Connor have accepted an invitation to join the board of Old Swan.

The new board intends to *refurbish and modernise the Old* Swan Hotel in order to improve profitability, raising funds for this scheme by means of a rights issue, which will be underwritten by Intel.

TUNNEL HOLDINGS/ ANCOLAC INC.

Tunnel Holdings' offer to acquire Alcolac Inc. has been *approved by shareholders who* will receive U.S.$17 a share for their holdings. Following completion of the merger, Marie L. Blinoff, widow of the firm's founder, will resign as chairman and chief executive. Charles N. *Anderson, Jr., president,* will become chief executive.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GM C	$60	3	7/8	—	—	—	—	$52
		April		July		Oct.		
ABN C	F.300	17	1	—	—	1	7	F.288
AKZO C	F.17.50	10	4.80	22	4.50	12	5.80	F.22.20
AKZO C	F.20	98	2.30	65	2.60	25	3.50	"
AKZO C	F.22.50	67	0.70	38	1.30	1	2.30	"
AKZO C	F.25	60	0.20	91	0.90	—	—	"
AKZO P	F.20	—	—	10	0.80	10	1	"
AKZO P	F.22.50	10	0.80	40	1.50	—	—	"
AMRO C	F.60	1	0.10	—	—	—	—	F.55.70
HEIN C	F.50	—	—	2	10	—	—	F.59.50
HEIN C	F.55	23	4.80	1	6 A	1	6.50	"
HEIN C	F.60	8	1	15	2.30	23	3.30	"
HEIN P	F.50	—	—	10	0.50	—	—	"
HEIN P	F.55	1	0.30	—	—	—	—	"
HOOG C	F.15	—	—	10	5.50 B	3	5.20	F.19.50
HOOG C	F17.50	19	2	24	2.80	—	—	"
HOOG C	F.20	20	0.60	15	1.40	19	1.70	"
IBM C	$65	—	—	14	2 1/4	4	4	$60 7/8
IBM C	$70	—	—	—	—	4	2 1/2	"
IBM P	$60	10	5/8	20	2 5/8	—	—	"
IBM P	$65	23	4 7/8	—	—	—	—	"
KLM C	F.60	4	37.50	—	—	—	—	F.97
KLM C	F.65	2	32.50	—	—	—	—	"
KLM C	F.80	4	17.50 B	—	—	—	—	"
KLM C	F.90	27	8.50 B	—	—	5	14 B	"
KLM C	F.100	69	3 B	6	8.80 B	2	10	"
KLM C	F.110	51	0.40	35	4	—	—	"
KLM P	F.55	—	—	5	0.10	—	—	"
KLM P	F.60	—	—	2	0.20	—	—	"
KLM P	F.70	—	—	1	1.20	—	—	"
KLM P	F.80	23	0.40	15	3	—	—	"
KLM P	F.90	1	1.60	12	6.20	—	—	"
KLM P	F.100	2	8 A	4	11.50 A	—	—	"
NATN C	F.120	21	2	—	—	6	7	F.120.70
NATN C	F.125	13	0.40	5	2.10 B	13	4	"
NATN C	F.130	—	—	40	1.30	—	—	"
NATN P	F.110	—	—	—	—	20	1	"
NATN P	F.120	3	1	—	—	—	—	"
PETR C	Fr.4500	—	—	—	—	5	630	Fr.4670
PETR P	F.5000	2	550	—	—	—	—	"
PHIL C	F.15	—	—	10	5.70 B	—	—	F.20.50
PHIL C	F.17.50	42	3.30	42	3.40	20	3.50	"
PHIL C	F.20	135	0.90	162	1.60	170	2	"
PHIL C	F.22.50	—	—	211	0.70	243	1.20	"
PHIL P	F.17.50	—	—	—	—	30	0.50	"
PHIL P	F.20	10	0.40A	52	1.10	48	1.30	"
PHIL P	F.22.50	—	—	3	2.50	—	—	"
POLA C	$30	—	—	—	—	1	5 5/8	$281.02
PEUG C	F.130	—	—	2	20	—	—	F.143
RD C	F.85	11	5.80A	—	—	—	—	F.89.80
RD C	F.90	301	2.40	104	4.40	48	5.20	"
RD C	F.95	155	0.60	51	2.70	—	—	"
RD C	F.100	26	0.30	95	1.50	11	3.40	"
RD C	F.110	6	0.10	55	0.80	8	1.40	"
RD C	F.120	—	—	150	0.40	—	—	"
RD P	F.80	44	0.10	—	—	—	—	"
RD P	F.85	20	0.50	—	—	—	—	"
RD P	F.90	319	1.40	88	4.90	1	6.60	"
RD P	F.95	93	5.10	120	7.70	—	—	"
RD P	F.100	165	10	9	13	20	13	"
UNIL C	F.125	1	12	—	—	—	—	F.138.80
UNIL C	F.130	—	—	5	7.50 B	—	—	"
UNIL C	F.135	17	3.20 B	—	—	—	—	"
UNIL C	F.140	—	—	—	—	2	8	"
		May		Aug.		Nov.		
BOEI C	$35	4	1 5/8	—	—	—	—	$34 1/2
MANN C	DM.130	10	3	24	4.50	—	—	DM131
SIEM C	DM.260	5	1.50	—	—	—	—	DM251.85
SIEM C	DM.280	—	—	4	1.50	—	—	
VW C	DM.170	10	0.90	36	3.50	—	—	DM163

TOTAL VOLUME IN CONTRACTS 4955

A=Asked B=Bid C=Call P=Put

UK COMPANY NEWS

Scottish Metropolitan tops £2m at midway stage

PRE-TAX profits of the Scottish Metropolitan Property Company rose from £1.58m to £2.04m for the six months ending February 15, 1981, and the directors have declared an increased net interim dividend of 1.25p (1.04167p adjusted for a one-for-five scrip).

Net revenue from properties was up from £2.09m to £2.37m and investment income and interest received amounted to £499,089 (£508,078).

The taxable surplus was after interest charges of £637,541 (£852,002) and administration expenses of £188,371 (£157,944). Tax took £1.05m (£821,520), leaving an attributable balance of £990,409 (£761,961).

After dividend payments of £767,285 (£495,036), the retained profit was £223,115 (£266,925).

Reserves increased by £564,055 (£296,499)—the surplus on the sale of properties over original cost after providing for taxation—and stand at £44.12m (£40.72m).

The directors anticipate increased profits for the current year and expect to pay a total dividend of not less than the previous year's adjusted 2.70833p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals.

TODAY

Interims: Dowding and Mills, North Atlantic Securities, Peters Stores, Photo-Me International, Sterling Credit.

Finals: Aurora, Bifurcated Engineering, Christies International, Dorada, Empire Stores (Bradford), Gill and Duffus, Glynwed, Grattan Warehouses, Greenbank Industrial, Higgs and Hill, S. Jerome, Lec Refrigeration, London Brick, Portals, Richards (Leicester), Royal Worcester, Senior Engineering, William Sindall, A. G. Stanley, Henry Sykes, Yorkshire Chemicals.

FUTURE DATES

Burton .... †Apr. 13

Finals:—

Berwick Timpo .... Apr. 14
Cory (Horace) .... Apr. 14
Finlay Packaging .... Apr. 15
General Scottish Trust .... Apr. 16
Menzies (John) .... Apr. 22
Perry (Harold) .... Apr. 23
Scottish Ontario Investment ... Apr. 24
Securities Trust of Scotland ... Apr. 15
Stone-Platt Industries .... †Apr. 29

† Amended.

CLRP slips at midyear

Taxable profits of C.L.R.P. Investment Trust slipped back from £432,108 to £384,906 in the half-year to February 28, 1981. Gross revenue was also lower, at £514,018 against £576,675.

The interim dividend is held at 1.6p net and the Board forecasts a final of not less than 1.9p—matching the previous year's pay-out. Revenue before tax in the last full year was £916,551 (£655,931).

Six months' tax takes £117,129 (£145,098) and the net asset value per 25p share is shown as 127.6p (106.3p).

Bestwood increases payment

INCLUDING investment income of £139,305 against £87,883, taxable profits of Bestwood Company improved to £179,428 during 1980, compared with £145,788 the previous year.

The single dividend is stepped up from 3p to 4.5p net.

At the interim stage, when pre-tax profits were slightly lower at £38,927 (£40,193), the directors said that while profits of the wholly-owned subsidiary John Brown (Printers) were down and unlikely to match their 1979 level, Foraky, the drilling and mining company, was expected to improve its surplus by some 30 per cent.

Turnover edged ahead from £764,148 to £780,363 in 1980. After tax of £64,444 (£54,149), stated earnings per 15p share are ahead from 5.86p to 7.37p.

YEARLINGS

The interest rate for this week's issue of local authority bonds is 12¼ per cent, down ¼ per cent from last week. The bonds are issued at par and are redeemable on April 14, 1982.

A full list of issues will be published in tomorrow's edition.

Poor electric blanket market hits Dreamland

A SHARP decline in the UK market for electric blankets, the impact of the strong pound on export business and the effect of the recession on the order position of Dreamland Electrical Appliances' fire detection equipment subsidiary Alarmline bit deeply into the group's profitability and trimmed pre-tax profits for 1980 to £840.00 compared with a record £1.5m.

Severely depressed conditions in the domestic electrical appliance industry led to a dramatic reduction in the level of the group's order intake from trade customers during the second half and the cancellation of orders placed earlier in the year.

The group's increased share of the smaller UK electric blanket market and export sales 47 per cent higher at a record £1.81m, combined, however, to swell group turnover to a record £11.24m compared with £10.6m.

At the half year stage the group incurred a pre-tax loss of £101,000 compared with a pre-tax profit of £425,000 for the same period in the previous year.

Looking to the current year Mr. Freddie Williams, chairman, says: "It would be foolish to assume that the worst is now over since there is still a marked reluctance by our trade customers in the UK to place substantial orders ahead of season.

"This does not augur well for profitability during the first half but with our determination to stimulate consumer demand with aggressive promotional activities I am confident we shall see an *acceleration in restocking during* the second six months with its consequent effect on our overall profitability."

And commenting on the results for 1980 Mr. Williams says: "The results are a creditable performance in the face of the combined impact of the general economic recession and severely depressed conditions in the domestic electrical appliance industry, and are a clear victory for our philosophy of building up our export business and proof positive of our underlying resilience to adverse conditions.

"We also had to contend with a severe fire in our research and development laboratories which delayed the introduction of our new underblanket models and disrupted production, and gave rise to an unforeseen imbalance of raw material and finished goods stockholdings.

"The laboratories have now been rebuilt and our research and development programme, which we regard as one of our great strengths, is now fully back on course," he says.

"I am particularly delighted at the progress of our export business during the year and the 47 per cent gain to 16 per cent of turnover is well in line with our plan to achieve one-third of our total sales from overseas markets.

"Our products continue to make successful inroads into the lucrative markets of Holland and Belgium while our renewed contract with the Philips Group to manufacture blankets for the Netherlands is proof of our success in the long-term development of this market."

As forecast, the directors have maintained the total dividend of 1.2p per 10p share with a same again final of 0.85p. This level of dividends absorbs £257,000. Stated earnings per share are boosted from 3.876p to 6.83p by tax credits. The 1979 figures have been restated after adjustment for a one-for-one scrip issue.

The net tax credit for the year *amounted to £625,000 (£668,000* charge) due to year-end stock relief provisions no longer required and the group's heavy investment in new plant and equipment.

The retained profit emerged at £1.2m (£574,000), compared with £836,000 on a current cost basis. CCA pre-tax profit emerged at £468,000 and the stated current cost earnings per share were 5.096p.

● comment

The shares of Dreamland added 2p to close at 26p following news that the company *had returned* to the black. After a disastrous first half, second half profits at the trading level recovered, thanks to a strong export performance, even though its Alarmline subsidiary made a loss for the year. At the pre-tax level things looked rather bleaker largely due to about £100,000 in interest charges as compared to last year when royalties and interest earned was a positive factor. The balance-sheet has weakened over the year with the company moving from a £1m net cash position to an overdraft of £1.3m. Lack of cash is delaying the manufacturer of a new electronic overblanket. With little sign of any upturn in demand *Dreamland* is likely to have a poor first half and Alarmline's continued future in the group must depend on its ability to yield 7 per cent and are on a p/e, fully-taxed, of about 13.

John Makinson looks at the counter-bidder for Royal Bank of Scotland

HK Bank seeks UK beachhead

WHILE MAINTAINING its well earned reputation for secrecy, the Hongkong and Shanghai Bank has recently been almost ostentatious in its preparation for a major bid.

Only last month the bank announced a US$380m rights issue, the largest ever seen in the colony, together with a doubling of its authorised capital and a property revaluation which threw up a surplus of US$830m. The bank had roughly doubled its disclosed net worth at a stroke. The official explanation was that the bank wished to maintain a proper balance between its assets and capital base, but the market *soon sniffed* a takeover.

Ironically, the timing of last month's announcement that Standard Chartered was preparing a bid for the Royal Bank of Scotland was dictated partly by speculative buying of Royal Bank shares in anticipation of a Hongkong Bank offer.

There is no doubt that the Hongkong Bank can afford Royal Bank of Scotland. City analysts believe that it declares only about half its actual earnings and, even on reported figures, it ranked 14th among world banks in terms of net income at the end of 1979. By the same reckoning, it came 73rd in terms *of declared assets and* 52nd on shareholders' funds. The stock market capitalisation of Hongkong Bank is larger than any other bank in the world at HK$24.9bn (US$4.7bn) and, at least in theory, it could swallow all but the largest banking institutions through a cash or paper bid.

A LONG-STANDING AMBITION

ACQUISITION of the Royal Bank of Scotland would fulfill a long-standing ambition of Mr. Michael Sandberg (pictured left), the dynamic chairman of Hongkong and Shanghai Banking Corporation.

He took over the chairman*ship of the bank in 1977*, and has made little secret of his desire to establish a major beach-head in the U.S. and Europe. *The first goal* was achieved last year when, after a lengthy tussle, he obtained control of Marine Midland in the *U.S.*

A former cavalry officer, aged 53, Mr. Sandberg has been the driving force behind the bank's transformation from the sedate "Old Lady of Queens Road Central"—Hong Kong's banking district—into a growing international institution with a firm grip on its own backyard.

According to a banker who has worked closely with Mr. Sandberg, "he's more of a businessman than a banker. He enjoys playing for high risks." Mr. Sandberg joined the Hong Kong Bank in 1949 and has no City background. This, together with his buccaneering reputation, has made him a rather uncertain quantity in London. Backing him up is an advisory committee of Londoners with unquestionable pedigrees.

Acquisition of Royal Bank would add yet another weapon to the bank's already formidable armoury Last year, after a two year battle with the New York State Superintendent of Banking, Miss Muriel Siebert, the bank won control of Marine Midland of the U.S. in a deal worth more than $300m.

It already owns Antony Gibbs, the small City merchant bank, and a host of other foreign companies

Hongkong, however, has provided the impetus behind the bank's *remarkable growth.* It enjoys a unique status—it operates as a finance house, it provides the liquidity for the colony's hectic property market, is the largest commercial bank and the *de facto* central bank.

It owns a majority stake in the Hang Seng Bank, which together with the Hongkong Bank itself and Standard Chartered, dominates the banking scene in the colony. It also issues bank notes and owns a second licensed note-issuer, Mercantile Bank. The third issuer, unsurprisingly, is Standard Chartered.

This multifarious role, together with the bank's preference for secrecy, might cause some concern in any other major financial centre.

Since its foundation in 1865, the bank has rescued the Colony from one financial crisis after another. In 1966, it protected *Hang Seng Bank* from a run of deposits by injecting capital and in 1975 it co-operated a rescue package for the Hutchison group.

As long ago as 1949, when the People's Republic was founded, Hongkong Bank held its ground while other banks, including Chase Manhattan, pulled out. Chase has never really been forgiven.

Most recently, it has presided over the assaults made by Chinese entrepreneurs such as Sir Y. K. Pao and Mr. Li Ka-Shing on traditional bastions of British expatriate power, such *as Hongkong Wharf and Godown* Company. It has played a subtle game of brinkmanship, inviting the Chinese on to its board *while retaining its links with* the expatriate establishment.

In September 1979 a 22 per cent stake in Hutchison Whampoa was sold to Mr. Li Ka-Shing's Cheung Kong Holdings. The move startled the local financial community.

The bank has also been instrumental in developing links with the People's Republic and has been actively financing joint venture projects in southern China. These Chinese links with the West have recently been curtailed but will continue to absorb capital for the foreseeable future.

The bank has profited from the sharp rise in Hong Kong share prices and property values through its substantial, *but mostly unspecified*, investment portfolio. It is known to hold 20 per cent of Cathay Pacific, the airline, but other*wise little is known of its* investments.

On the banking front, however, the bank has met increasing competition from foreign institutions operating on its home turf. A loose moratorium on new banking licences was imposed during the financial crisis of the mid-1960s and was only unfrozen in 1978. The subsequent rapid influx of foreign banks was opposed by Hongkong Bank.

It is difficult to imagine that the competition would ever topple the Hongkong Bank from its domestic pedestal but "The Bank," as it known locally, has *clearly decided that it must com*pete abroad in order to guarantee its future prosperity. No institution is more aware than *the Hongkong Bank that* the Colony's lease expires in 1997.

MacMillan recommends bid for Noranda

By Our Financial Staff

THE DIRECTORS of MacMillan Bloedel, the Canadian forest products group, have recommended shareholders to accept *the C$62 a share bid for control* of the company from Noranda Mines.

Mr. Calvert Knudsen, the chairman, said that the board had concluded that Noranda's offer was clearly better than the competing bid from British Columbia Resources Investment Corporation, the provincially controlled concern.

BCRIC's original offer at C$46 a share for 6.2m shares in MacMillan is to go ahead tomorrow through Canadian stock exchanges. BCRIC has said it intends to raise its bid to C$56 a share.

Noranda is seeking 8.9m shares in MacMillan, which with its existing holding of 1.7m shares would give it a control*ling 49 per cent interest. Includ*ing its bid for half of the convertible preferred stock its offer is worth around C$625m in cash and shares, placing a value of about C$1.5bn on MacMillan.

Mr. Knudsen said that in addition to the higher price and that more shares are being sought, Noranda's bid was superior because of the inclusion of an offer for the convertible stock and the tax-free element in the bid.
element inthe bid.

He said that the British Columbia Government appeared to have no objection to the acquisition of control by the *Toronto-based Noranda*, provided it complied with certain guidelines.

Noranda has said it intends to comply with the Government requests, which include the disposal of its share in British Columbia Forest Products, a pulp and paper group it shares with Mead Corporation of the U.S.

Markets struggle to recover after Wall St misreads Fed policy

BY DAVID LASCELLES IN NEW YORK

THE U.S. capital markets were yesterday struggling to recover from a severe trading setback on Monday which was caused mainly by Wall Street's discovery that it had badly misread the Federal Reserve Board's credit policy aims.

The shock of the discovery has injected fresh uncertainties into the market, and raised questions about how the Fed should communicate the decisions taken by its secretive policy-making Open Market Committee.

For about a month, Wall Street had assumed that the Fed, for a number of reasons was content to allow a slight easing in credit: credit demand was levelling off; the money supply was growing comfortably below the Fed's maximum target; and the Reagan Administration's economic programme had spurred a new mood of optimism. The Fed also appeared to be intervening in the money markets, by means of sales and purchases of Government securities, in a way which suggested that it wanted to bring rates down marginally.

At one point three weeks ago, it bought Government securities when the key interbank Fed funds rate was around 13 per cent, well below its recent trading range of 14 to 15 per cent. This had the effect of adding liquidity to an already soft market and Wall Street read it as a strong bullish signal.

However, last Friday evening, the Fed released the minutes of its Open Market Committee meeting in February, and these showed that the policy-making body had wanted Fed funds to trade in the 15 to 20 per cent range, even if this stifled the growth of the most widely watched money supply measures, M1-A and M1-B. This was because the Fed was still concerned about the rate of inflation and the strong growth of broader money measures, such as M2 and M3.

This new information stunned the markets. Bond prices plummeted and the Fed funds rate jumped to the 16 per cent range. The timing was particularly bad because Wall Street happened to be carrying a large inventory of unsold bonds, which lost market value but had to be funded at sharply higher rates.

At a dinner in New York on Monday night, Mr. Paul Volcker, the chairman of the Fed, was asked to explain how things could have gone so badly askew. He replied that the 15 to 20 *per cent range* was more of a checkpoint to help the Fed keep an eye on the growth of bank reserves, the measure by which it has been controlling credit since October 1979. When the Fed funds rate strays beyond those limits, he said, the Fed either decides to ignore them, or adjust its target for bank reserves.

Analysts say this can produce a situation where the Fed is having to add liquity to the system to supply bank reserves.

But while Mr. Volcker's reply may have satisfied economists, it was little consolation to the market which feels more strongly than ever that the Fed must do a better job of communicating its intentions,

Dr. William Griggs, money market specialist at J. Henry Schroder Bank and Trust Company, said yesterday: "The Fed has certainly warned us in the past not to read too much into the Fed funds rate. But they would have had an opportunity in testimony or speeches to indicate to the market what was happening."

$200m credit for Reynolds

By John Makinson

R. J. REYNOLDS, the U.S. cigarettes, food and shipping group, is arranging a $200m *credit to purchase cigarette* packaging equipment in Italy.

Terms of the loan are still being negotiated but Reynolds should be entitled to an interest rate of 8½ per cent under the OECD agreement on export credits. A group of 11 international banks, led by Continental Illinois of the U.S., is expected initially to provide Reynolds with a 13-year credit carrying a margin of ½ per cent over London interbank offered rates for the first seven years, rising to ⅝ per cent for the next three and to ¾ per cent for the final three.

Oil-linked Eurobond launched

BY OUR EUROMARKETS STAFF

PETRO-LEWIS, the Denver-based oil and gas company yesterday launched the first oil-linked Eurobond, $30m worth of five-year notes, through Blyth Eastman Paine Webber. The notes carry a coupon of 7½-8 per cent to *which must be added* an interest payment linked to the increase in the price of crude oil over the life of the notes. There is a call option for investors in November 1983, who will be able to redeem the bonds at a premium which would increase the yield to between 12-12½ per cent.

A $15m, 15-year convertible issue is being arranged for Community Psychiatric Centers of the U.S. through Merrill Lynch. A coupon of 8¾ per cent and a conversion premium of around 15 per cent have been indicated.

Prices of fixed interest dollar bonds posted losses of ½ point in early trading, but recovered after the New York bond market opened better. Bond prices, however, still ended the day down by ⅜ points.

The weakness *of the New* York market on Monday pushed down prices in the D-Mark sector. News of a heavy payments deficit in Germany also affected the market which lost ½ point on average.

The Republic of Finland is issuing DM 100m of eight-year bonds with a coupon of 10 per cent.

Meanwhile, the Bank of America is tapping the French franc sector for FFr 250m with a five-year issue through Paribas, Bank of America and Caisse des Depots et des Consignations. An indicated coupon of 14½ per cent is envisaged with an issue price of par

Two new issues in Swiss francs were launched yesterday. *Oesterreichische Kontroll*bank is issuing SwFr 100m of 12-year bonds with a coupon of 7 per cent at par through Wirtschafts-und Privatbank. A SwFr 20m 15-year convertible private placement for Nippon Valqua Industries, with a coupon of 4¼ per cent, was launched through Banca del Gottardo.

Higher margins approved for AT and T

By Paul Betts in New York

LONG-DISTANCE telephone rates in the U.S. are expected to increase by 16 per cent shortly, after a decision by the Federal Communications Commission to grant American Telephone and Telegraph (AT and T), the country's dominant telephone company, a higher rate of return on interstate and foreign calls.

Overturning an earlier *ruling by an administrative* law judge who had recommended a 10.87 per cent rate of return for AT and T, the FCC set a new profit margin for the telephone company on its long-distance calls in a floating range between 12.5 per cent and 13 per cent.

This is the first major increase on AT and T's long-distance profit margins in five years. The new floating range, according to the commission, "is necessary to reflect the volatility in current economic and financial conditions."

Although AT and T had sought a 13 per cent increase, the company welcomed the FCC decision. AT and T had argued that it needed higher long-distance telephone rates to cover sharply rising costs.

Of the company's annual revenues *of $52bn, about* $26bn comes from long-distance calls.

Goodyear sees foreign growth

By Our Financial Staff

FOREIGN OPERATIONS *could account by 1985 for 60* to 65 per cent of group sales of Goodyear Tire and Rubber, the leading U.S. tyre maker, if current trends continue.

Foreign activities are growing faster than domestic ones because of "the developing nature of many of the foreign countries in which we are involved." Mr. Charles Pilliod, chairman, told the annual meeting.

Sales in the fourth quarter of 1980 were relatively evenly split between U.S. and foreign operations.

Goodyear's geographical diversification "has served the *corporation* well — *in many* cases as well as or better than we could have realised from a similar emphasis on diversifi*cation of our product line.*"

Operating profit on a country-by-country basis was higher than a year ago, however.

In the previous first quarter, Goodyear recorded operating net profit of $41.2m or 57 cents a share and net income including a tax credit totalling $50.7m or 70 cents a share.

The company expects a profit increase for the whole of 1981.

Earnings slip at Hammermill

By Our Financial Staff

EARNINGS WERE down 8 per cent in the first quarter at Hammermill Paper, the U.S. manufacturer of fine and printing papers. But Mr. A. F. Duval, president and chief executive, believes that 1981 will be a "good year" for the company, with earnings at or above last year's $40.3m or $5.04 — "barring further significant declines in the national economy."

The first quarter brought earnings of $10.6m or $1.28 a share on sales of $295.1m against $274.7m a year earlier.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday, April 14. Closing prices on April 7

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Air 15¼ 86 (WW)	55	99¼	99⅝	+0⅛	+0⅛	15.43
Amoco 13¼ 88	75	95	95½	−0½	−1½	14.36
CIBC 14½ 84	185	99⅛	99⅝	−0¼	−0⅝	14.71
CNE 12¾ 91	100	91⅞	92⅜	−0½	−1⅞	14.29
Citicorp O/S Fin. 10 86	300	84⅞	85⅛	−0⅛	−0⅜	14.22
Citicorp O/S Fin. 12 87	200	90⅝	91⅛	−0⅜	−1⅛	14.19
Con. Illinois O/S 9¾ 86	150	83⅞	84⅛	−0⅛	−0⅝	14.30
Dupont Canada 13½ 91	65	95⅞	96⅜	−0⅛	−0⅜	14.23
EEC 11 95 (May)	75	81⅜	81⅞	−0⅛	−0¼	14.05
EEC 11 95 (August)	70	79	80	+0¼	−0⅞	14.43
EIB 13¾ 90	100	96⅝	97⅛	−0½	−0⅞	14.37
Eldorado 13¾ 86	50	95½	96	−0⅜	−1	14.50
Elec. de France 10 88	125	81½	82	−0½	−1⅜	14.17
Elec. de France 13 88	125	94¾	95¼	−0½	−1½	14.16
Export Dv. Cpn. 9½ 86	150	83	83½	−0⅛	−1⅛	14.58
Fed. Bs. D. 12¼ 85 (N)	50	93⅛	93⅝	−0⅛	−0⅞	14.25
Fin. Exp. Credit 10½ 85	50	86	86½	−0⅛	−1⅞	15.08
Finland, Rep. of 9½ 86	100	81¾	82¼	−0⅛	−0⅞	14.89
Ford Credit O/S 14⅝ 83	150	98⅛	98⅝	−1⅛	−1⅛	15.30
Ford Cr. O/S Fin 16 84	150	102⅜	102⅞	−0⅜	−1	14.75
Gaz de France 13½ 86	80	97⅜	97⅞	−0⅝	−1⅛	14.17
GMAC O/S Fin. 12 87	100	89¼	89¾	−0⅜	−0⅞	14.56
GMAC O/S Fin. 12⅞ 88	100	91⅜	91⅞	−0⅜	−1⅛	14.88
Gen. Mtrs. O/S 11⅝ 87	100	88¼	88¾	−0¼	−1	14.55
Genstar 14¾ 91	50	97¼	97¾	+0½	+0⅛	15.25
GTE Fin. 13¾ 86 (WW)	50	97⅞	98⅜	−0⅛	−1⅛	14.27
Hudson's Bay 11½ 90	75	85½	86	−0⅜	−0⅞	14.36
IBM Wld. Trade 12½ 88	200	94⅞	95⅜	−0½	−0⅝	13.61
Newfoundland 13½ 90	60	95⅛	95⅞	−0½	−1½	14.38
Nova Scotia 10¾ 90	50	81¼	81¾	0	−1⅛	14.47
OKB 10 85	50	87⅛	87⅝	0	−1⅛	14.09
Ontario Hydro 13½ 91	100	95½	96	−0⅜	−1	14.31
Quebec Hydro 11½ 92	100	84⅜	84⅞	−0⅝	−0½	14.31
Queb. Hy. 13 91 (WW)	100	92⅜	92⅞	+0⅛	−1⅞	14.45
Royleese 11¼ 85	50	89¾	90¼	+0¼	−1⅜	14.56
SNCF 12⅜ 86	50	95⅛	95⅝	−0⅜	−0⅜	13.90
SNCF 13 91	75	92⅞	93⅜	−0½	−1⅛	14.32
Sth. California Ed. 14 87	50	97	97½	−0⅛	−0⅜	14.72
Sven Handelsbk 13¾ 88	45	95⅛	95¾	−0⅛	−1⅞	14.82
Sweden 12¾ 85	150	93¾	94¼	−0¼	−1¼	14.22
Swed. Ex. Credit 12 83	50	94	94½	−0¼	−0¼	14.83
Swed. Ex. Credit 13 88	75	93¾	94¼	−0⅛	−1⅛	14.79
Tribune O/S Fin. 14 86	50	97¾	98¼	−0⅜	−0⅞	14.57
World Bank 9¾ 85	200	86⅝	87⅛	−0⅝	−0⅞	14.07
World Bank 10¾ 87	300	84⅝	85⅛	−0½	−0⅞	14.04

Average price changes... On day −0⅛ on week −0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asia Dev. Bk. 8⅞ 90	100	90⅝	91⅛	−1	−0½	9.90
Australia 8⅞ 90	250	94⅛	94⅞	−0⅞	−0½	9.02
Austria, Rep. of 8¾ 92	150	88⅞	89⅜	−0⅛	0	9.84
CECA 7⅞ 92	150	87⅝	88⅛	−0⅛	−0⅜	9.68
CECA 10 91	120	101⅞	102⅜	−0¼	−0⅛	9.63
Cll-Honeywell 8⅞ 90	125	90	90½	−0⅞	−1½	10.00
EIB 8½ 90	200	91¾	92	−0⅜	−0¼	9.88
EIB 10½ 91	200	101⅞	102¾	−0⅜	−0⅜	10.17
ESCOM 9¾ 87	100	94¾	95⅛	+0⅛	+0¼	10.37
Iberduero SA 9 90	100	93	93¾	−1⅛	+1⅛	10.11
Ind. Bk. Finland 8½ 90	50	89⅞	90⅜	−0⅜	−0½	10.12
Int.-Amr. Dv. Bk. 10 91	100	99½	100¼	−0½	−0⅝	10.01
Japan Air Lines 8⅞ 87	100	92¼	93	−0¼	−0⅜	9.67
Japan Dev. Bank 7⅞ 87	100	89⅝	90⅛	−0⅛	−0¼	9.78
Kobe, City of 8 90	100	89⅞	90⅜	−0⅛	0	9.63
Midland Int. Fin. 8½ 90	180	92⅜	92⅞	−0½	−0¼	9.73
Nuclebras 9¾ 88	100	88¼	89	+0⅜	−0⅝	12.13
OKB 8¾ 92	150	89	89½	−0½	−0½	9.84
Oslo, City of 8¾ 90	80	95⅛	95⅞	+0⅛	−1⅛	9.62
Venezuela, R. of 9¾ 90	150	94½	95¼	0	0	10.93
World Bank 8 90	700	88	88½	−0⅞	−0¼	9.96
World Bank 10 86	150	101⅝	102⅛	−0½	−1⅛	9.48
World Bank 10 90	200	101⅜	101⅞	−0⅜	+0⅜	9.74

Average price changes... On day −0½ on week −0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5⅞ 90	100	90½	90¾	−2	−1½	6.75
BFCE 6½ 91	100	101	101⅛	−0½	−0⅛	6.34
Bayer Int. Fin. 5⅝ 92	100	91⅜	91⅞	−0⅜	+0½	6.28
Bergen, City of 6 90	50	95½	96¼	+0⅛	−0½	6.55
Buhrm'n-Tetterode 7 90	40	101½	102	0	0	6.72
Copenhagen Tele 5¾ 90	50	91⅛	91½	−0⅜	+0⅛	7.02
Denmark 5¾ 90	80	91½	91¾	−0½	−0⅛	7.01
Dome Petroleum 5¾ 91	100	95½	95¾	+0½	+0⅜	6.36
Elet. de France 5¾ 90	100	93	93½	−0⅜	−0⅛	6.21
Eurofima 5¾ 92	80	†99	99½	0	+0⅛	5.84
F. G. H. Hypo. Bk. 6 90	50	†95¾	96¼	−0½	−0½	6.59
Finland, Rep. of 5⅝ 90	80	†90¾	91¼	+0⅛	−0½	6.96
Int.-Amer. Dev. 7 90	80	100¼	100¾	−0⅞	+0⅛	6.92
Japan Dev. Bank 5¾ 90	100	94⅞	95⅛	+0⅜	+0⅛	6.46
Jutland Tele. 5½ 90	50	90¼	90½	−0⅜	+0⅞	6.99
Mt. Blanc Tunnel 5¼ 90	60	92½	92¾	0	+0⅛	6.57
Nawag 5¾ 90	80	95⅛	95⅝	−0⅛	+0⅛	6.44
Norges Komm. 4¾ 91	100	84⅜	84⅞	+0⅜	+0⅛	6.41
OKB 6 90	100	95⅛	95⅝	−0½	−0⅛	6.68
Oslo, City of 4¾ 91	100	81⅞	82⅛	+0⅞	+0½	6.82
Oslo, City of 5⅞ 90	80	93	93¼	+0½	−0⅜	6.48
Philips Lamps 5¾ 92	100	91⅝	92	0	+0⅛	6.27
Sekisui Pre. Hms. 6 90	80	96½	96¾	−0⅛	−0⅜	6.49
Trade Dev. Fin. 6⅛ 90	60	95¼	95½	0	+0⅛	6.80
Voest-Alpine 5¾ 90	80	93¼	93½	+0⅜	−0⅞	6.71
World Bank 6 91	100	†94½	95	0	−1	6.74

Average price changes... On day −0⅜ on week −0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	93	94	0	−0⅛	8.54
Australia 6½ 88	20	86⅞	87⅞	−0⅜	−0⅜	8.99
EIB 7⅜ 89	12	93½	94½	0	−0⅛	8.78
Finland 5 6 83	10	92¾	93¾	0	−0⅛	8.84
Finland 6.8 88	10	87½	88½	−0⅜	−0⅛	9.19
Finland, Rep. of 8⅛ 87	15	97⅞	98⅞	0	+0⅛	8.72

Average price changes... On day −0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	80	90¾	91¼	0	0	13.78
CIBC 13½ 85 C$	50	97	97½	−0⅝	−0⅛	14.36
CIBC 11½ 85 C$	60	90½	91	−0⅛	0	14.55
Federal Dev. 11½ 90 C$	60	†84⅝	85⅛	−0⅜	0	14.45
Fst. Can. Inv. 10 84 C$	50	†88	88½	−0⅛	−0⅛	14.92
R. Bk. Canada 10 86 C$	40	91½	92½	0	+0⅛	12.78
Tordom Cpn. 13½ 85 C$	30	†96¾	97¼	−0⅛	−0⅛	14.45

OTHER STRAIGHTS (cont.)	Issued	Bid	Offer	Change on day	Change on week	Yield
Mt. Bk. Dnmk. 9 91 EUA	25	90½	92	0	+0½	10.38
SOFTE 8¾ 89 EUA	40	85½	86¼	−0⅛	0	10.94
U. Bk. Nrwy. 9½ 90 EUA	18	96¾	98	0	0	9.95
Algemene Bk. 10⅛ 86 Fl	60	96⅜	96⅞	−0⅛	−0⅜	11.17
Bk. Mees & H. 10 85 Fl	75	97¼	97¾	−0⅛	−0⅛	10.72
Heineken NV 10 87 Fl	100	94⅞	94⅞	−0⅛	−0⅜	11.21
Nat. Nedrlndn. 10 88 Fl	60	94½	95	+0⅛	−0⅛	11.12
Ned. Midd. Bk. 10 85 Fl	75	98⅜	98⅞	−0⅛	−0⅛	10.37
Pierson 10⅛ 86 Fl	50	97¾	98¼	0	−0⅛	10.78
Aero Paris 13⅞ 87 FFr	150	93⅞	94⅞	0	0	14.48
Charb'nages 13⅞ 85 FFr	400	98¼	99¼	0	0	14.20
CECA 14¼ 86 FFr	150	99⅝	100⅝	0	+0¼	14.21
EIB 14⅞ 88 FFr	300	98½	99½	+0½	+0¼	14.32
Gaz de France 11 84 FFr	150	91⅜	92⅜	0	0	13.98
La Redoute 14⅝ 85 FFr	125	95¼	96¼	−0⅛	−0⅛	15.65
OKB 14 86 FFr	400	98½	99½	−0⅛	−0⅛	14.30
Solvay et Cie 14¾ 86 FFr	200	102	103	0	+0⅛	14.00
Utd. Mex. Sts. 14 85 FFr	150	96¾	97¾	0	0	14.89
Acona 14 85 £	20	95⅝	96½	+0¼	+0⅛	15.15
Beneficial 14¼ 90 £	20	93	93⅞	+0¼	+0⅛	15.57
BNP 13½ 91 £	15	95⅝	96½	−0⅛	−0⅛	14.23
CECA 13½ 88 £	20	96	96⅞	−0⅛	−0⅛	14.27
Citicorp O/S 13½ 90 £	50	95½	96⅜	+0⅛	−0¼	14.33
Fin. Exp. Cred. 13¾ 86 £	15	97½	98	−0⅛	−0⅛	14.41
Fin. for Ind. 14½ 88 £	20	100	100½	+0⅛	+1	14.42
Gen. Elec. Co. 12½ 89 £	50	93¼	94	0	−0⅛	13.86
Peugeot SA 14 90 £	23	94	94½	−0⅛	−0⅛	15.15
Rothschild 14¾ 90 £	12	97	97¾	0	0	14.74
Royal Trustco 14 86 £	12	98⅝	99⅝	+0⅛	−0½	14.27
Swed. Ex. Cr. 13¾ 86 £	20	97⅝	98⅜	−0⅜	−1	14.36
Banobras 8¼ 90 KD	7	†91½	92	0	0	9.66
CCCE 8⅛ 91 KD	10	†82½	83	0	0	11.07
Sonatrach 8½ 90 KD	12	†94	94½	0	0	9.48
Akzo 9¼ 87 LuxFr	500	83	84	0	−3⅛	13.12
Euratom 9¾ 88 LuxFr	500	85¼	86¼	0	−1⅞	13.02
Eurofima 10½ 87 LuxFr	500	87½	88½	0	−4½	13.32
EIB 9¾ 88 LuxFr	600	85½	86½	0	−3	12.95
Volvo 9¾ 87 LuxFr	500	81⅝	82⅝	−0⅛	−4⅞	14.02

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	99⅛	99⅞	2/7	16⅝	16.69
Bank of Montreal 5¼ 90	0¼	99⅝	100⅛	18/6	19½	19.52
Bank of Tokyo 5¼ 89	‡0⅛	98⅞	99⅛	25/4	19.31	19.51
BBL Int. 5 86	0⅜	99¼	99¾	20/5	16½	16.58
Bergen Bk. A/S 6 89	‡0⅛	†98⅞	99⅛	29/5	17⅛	17.32
BNP 5½ 88	‡0⅛	99¼	99¾	29/4	18.69	18.78
CNT 5¾ 86	§0¼	99⅛	99⅞	16/4	13⅜	13.30
Christiania Bk. 5½ 91	‡0¼	97⅞	98⅜	5/6	17⅝	18.09
Citicorp O/S F. 84	‡0	98⅞	99⅛	30/4	15.44	15.57
C. Itoh 5¼ 87	0¼	99⅛	99⅝	18/9	15.44	15.53
Co-operative Bk. 6 86	0¼	97¾	98¼	15/5	15½	15.56
Den Norske Credit 6 90	‡0¼	98¼	98¾	5/5	17¾	18.02
Genfinance 5⅞ 87	0⅜	99	99½	30/4	15⅛	15.24
Giro und Bank 5¼ 91	‡0⅛	97¾	98¼	23/6	14.06	14.35
GZB 5½ 89	‡0¼	98⅜	98⅞	1/5	17⅞	18.12
Ind. Bank Japan 5¼ 87	0¼	99⅛	99⅝	15/4	13.31	13.40
Ind. Bank Japan 5¼ 88	0¼	98⅞	99⅜	9/4	13⅛	13.24
Lloyds Eurofin 8 90 £	0⅛	97	97½	3/7	14½	14.97
Lloyds Eurofin 5¼ 92	0⅜	98½	99	4/6	17¼	17.47
LTCB Japan 5¼ 85	0¼	100⅛	100⅝	13/6	20.19	20.11
Man. Hanov. O/S 5¼ 94	‡0⅛	98¼	98¾	30/5	17	17.26
Midland Intl. Fin. 5¼ 92	0¼	98½	99	5/6	17.19	17.41
Nacional Fin. 6¼ 86	0⅜	99½	100	25/7	17¼	17.79
Nacional Fin. 5½ 88	0⅛	97⅝	98⅛	25/9	14⅞	15.18
Nat. Bk. Canada 5¼ 88	0¼	98	98½	24/9	5¼	5.34
Nat. West. 5¼ 94	§0¼	97⅞	98⅛	14/4	13¼	13.50
Nat. West. 5¼ 92	§0¼	97⅞	98⅛	23/4	13.69	13.85
Pemex 6 91	0⅜	97⅝	98⅛	8/4	6	6.13
Sparebanken 6 87	0¼	99½	100	19/6	19⅞	19.92
Standard Chart. 5⅜ 90	0⅜	99⅜	99⅞	3/9	17.06	17.12
Svenska Hndlsbk 5 87	0¼	99½	100	15/7	17.81	17.86

Average price changes .. On day −0⅛ on week −0⅜

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	98⅛	99⅛	−0¼	23.85
Canon 6¾ 95	1/81	829	125⅛	126⅛	+1½	4.92
Credit Suisse 4¾ 93	10/79	1278	94	96	−0½	1.08
Digicon Fin. 8½ 95	10/81	29.5	106½	108	−0⅜	3.85
Ina Overseas 8¾ 2000	4/81	42	105½	106¾	−0⅞	2.47
Inchcape Ltd. 8 95	2/81	4.55	96	97	0	3.34
Jaccs 7½ 95	11/80	565	132⅞	133⅞	+2⅛	16.30
Kotobukiya Co. 7 96	4/81	619	101½	102½	+0⅛	−3.59
Marion Int. Fin. 9 95	12/80	15.5	88½	89½	+0¼	22.28
Matsushita El. 7½ 95	11/80	590	114⅜	115⅜	−0¼	−4.61
MEPC 8¾ 96	2/81	2.47	99¼	100½	+0⅛	10.31
Niigata Eng. 7½ 96	1/81	327	109½	110½	+2¼	14.67
Nissho-Iwai Co. 8 96	10/80	398	86	88	+0⅛	3.22
Ricoh 6⅝ 95	8/80	604	120⅞	121⅞	+1⅞	1.09
Sumitomo M. Ind. 7 95	2/81	181	128⅛	129⅛	+4¼	7.49
Swiss Bk. Cpn. 6¾ 90	9/80	200	83	85	+0½	16.15
Taylor Woodrow 8½ 90	1/81	4.94	105	106	−1⅜	−0.78
Tokyu Land Cpn. 7¾ 96	4/81	325	99	100	+2⅛	3.33
Transco Int. 8¾ 95	2/81	68	89½	90¾	−0⅜	38.87
Tricorp 8½ 95	12/80	31.25	92½	93¼	+0⅝	8.28
Union Bk. Switz. 5 83	2/80	121.4	81½	83½	−0½	−12.88
Fujitsu 5 84 DM	7/79	431.5	156⅜	157⅜	+3¼	0.39
Sharp Cpn. 6½ 88 DM	9/80	595	159	160	−0⅞	−2.88
Uny Co. 6½ 85 DM	11/79	879.3	104	105	+0⅛	3.38

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: *The yield is the yield* to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. *Coupon shown is minimum.* C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated *in dollars unless* otherwise indicated Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the *current effective price* of acquiring shares via the bond over the most recent price of the shares.

Deutsche Bank improves earnings

BY KEVIN DONE IN FRANKFURT

IN A YEAR when most of its major rivals have been cutting or passing dividends and suffering a collapse of profits, Deutsche Bank managed to boost after-tax profits in 1980 by 7.2 per cent to DM 457m ($212m) while expanding total assets by 10.4 per cent to DM 174.6bn.

Having taken early action in 1979 to improve the structure of its loan and deopsit base Deutsche Bank has not been caught out like many other West German banks by the prolonged period of high interest rates.

In spite of the restrictive monetary policy of the Bundesbank, the West German central bank, Deutsche Bank was able to carefully expand its business volume in 1980 without endangering its interest earnings.

The parent bank increased its total assets by 6.4 per cent to DM 104.2bn in 1980, while at the same time boosting its net interest and dividend income by 18.1 per cent to DM 2.8bn.

In contrast to the squeezed interest margins and rising personnel and operating expenses at banks such as Commerzbank and Dresdner, Deutsche Bank achieved an interest surplus last year which alone was DM 224m higher than its personnel and operating charges. Personnel costs rose by 12.5 per cent to DM 1.9bn and other operating expenses jumped by 12.7 per cent to DM 603m.

The early emphasis on improved profitability rather than on enlarged business volume implemented in 1979 is reflected in Deutsche Bank's rising interest margin over the past three years. By last year it had improved to 2.59 per cent compared with 2.47 and 2.44 per cent in 1979 and 1978 respectively. At Commerzbank interest margins were squeezed to only 1.4 per cent in 1980 compared with 1.75 per cent in 1979 and 2 per cent in 1978.

Dr. Wilhelm Christians, co-chairman of Deutsche Bank, said yesterday that the bank had been in sight of its target of a 3 per cent interest margin in the first seven weeks of 1981, but conditions had become much more difficult after the Bundesbank's action to raise interest rates on February 19.

Deutsche Bank has used the 28 per cent rise in its operating result to pay an increased dividend of DM 10 a share compared with DM 9 for 1979. It also recently announced plans to raise DM 472m by a rights issue to strengthen its capital base and to allow for further expansion.

It has also taken all opportunities to make provisions for bad risks and Dr. Christians said it had gone up against the upper limit in evaluating such risks. Among various write-downs the bank had written off more than DM 100m from its securities portfolio.

Bigger payouts by Moeller companies

By Hilary Barnes in Copenhagen

A. P. MOELLER, the Danish shipping group, increased its operating surplus from DKr 1bn to DKr 1.16bn ($171.6m) in 1980.

After administration costs, depreciation and earnings carried forward from last year, there was DKr 547m available for allocation, compared with DKr 486m. The dividend is going up from 16 per cent to 18 per cent.

The Moeller group is a partner in the Danish Underground Consortium, which is developing oil and gas finds in the Danish sector of the North Sea. It operates one of the world's largest privately-owned merchant fleets, and also has substantial shipbuilding and industrial interests in Denmark and abroad.

Depreciation increased from DKr 500m to DKr 600 m last year and DKr 60m was allocated in both years to each of the parent companies. A special reserve fund receives DKr 300m and DKr 243m will be carried forward to next year.

Alusuisse forecasts downturn

BY JOHN WICKS IN ZURICH

LOWER PROFITS for 1981 are expected by Alusuisse, the Swiss-based aluminium producer which ranks sixth largest in the world.

The company made it clear, however, that by 1982 a recovery would be underway. By next year the group will "once again be full steam ahead," it told a Zurich press conference.

Since 1974 when a peak net profit of SwFr 204m was earned, Alusuisse's fortunes have been mixed. Last year net earnings partially recovered, rising by a fifth to SwFr 135.2m ($68.6m).

The company announced its results at the end of February together with a dividend of 10 per cent, against 8 per cent; and plans for a rights issue. The rights issue is to be in the form of convertible bonds and will be launched towards mid-summer.

Parent company earnings last year rose from SwFr 52m to SwFr 69.57m. Dr. Thomas Gasser, general manager, attributed the parent's good showing primarily to income from subsidiaries of SwFr 60.7m, or more than double that for 1979.

He pointed out, however, that even the marked improvement in returns had meant only a recovery to profit levels which the company had enjoyed in the early 1970s.

Group turnover rose 19 per cent to a record SwFr 6.9bn. Without the consolidation of sales of the Chicago-based Maremont Corporation for the full year, sales growth would have been 12.3 per cent.

A breakdown of Alusuisse sales shows that SwFr 2.61bn came from processed aluminium, SwFr 1.6bn from primary aluminium, SwFr 1.26bn and SwFr 484.7m from bauxite, alumina and anodes. The remaining SwFr 950.4m was accounted for by the automotive parts manufacturer Maremont, by civil engineering services and by miscellaneous products.

Aluminium showed a contribution to earnings in keeping with its importance to sales for the first time since 1974, the company said.

Capital spending last year trebled to SwFr 472m, though this was still more than covered by cash-flow. Almost three-quarters of investments went to aluminium projects and a fifth to the chemical companies.

Triumph-Adler in U.S.

Triumph-Adler, the computer and office equipment arm of the Volkswagen motor group, has acquired full control of Omnidata Corporation of California. It originally owned 40 per cent of the U.S. group, writes our Financial Staff. Triumph-Adler dipped sharply into the red in 1980 largely as a result of heavy capital spending.

Assets of Arab Banking show a rise of one-third

BY MARY FRINGS IN BAHRAIN

AN INCREASE of 33 per cent in assets in the first three months of this year is announced by the Arab Banking Corporation, the Bahrain-based joint venture between Kuwait, Libya and Abu Dhabi.

Assets at March 31 stood at U.S.$2.61bn, against $1.95bn at the end of last year, while the balance sheet total amounted to $3.2bn. The last figure excludes the additional $375m in shareholders' capital which was called up on April 1, to bring the total paid-up to $750m.

Deposits also grew by 33 per cent, from $1.5bn at year-end to $2bn at the end of March. But the loan and bond portfolio showed an increase of 75 per cent, from $296m to $518m.

In 1980, ABC managed or was lead-manager for 21 major syndicated loans, worth $4.56bn, and co-managed bond issues totalling $230m. This year, 18 loans amounting to $2.16bn have already been signed, and a $500m credit for Sweden is awaiting signature, and a $1bn loan to help Italy repair its earthquake damage is now out for syndication.

Fiat buys farm machine maker

By Rupert Cornwell in Rome

FIAT TRATTORI, Europe's biggest manufaturer of farm machinery and a subsidiary of the Turin-based motor group, has acquired total control of Laverda, a major Italian maker of Harvesters.

Laverda, based near Vicenza in northern Italy with a 1,300 workforce, had sales of L71bn ($70m) in 1980 of which 50 per cent was accounted for by exports.

Output of Fiat Trattori last year reached 54,000 units, while its share of the total European market stands at around 13 per cent.

ABN plans rights issue to raise Fl 150m

By Charles Batchelor in Amsterdam

PLANS FOR a one-for-10 rights issue which will raise Fl 150m ($63m) are announced by Algemene Bank Nederland (ABN). It will issue the new shares at Fl 240 each compared with the stock market price of Fl 288 ahead of the news. The bank has already reported a strong recovery of its foreign operations in 1980 and a growing contribution from abroad to both profits and the balance sheet.

An increase in business volume, improved interest rate margins and the rise in the value of the dollar led to "an excellent year" for foreign activities, the bank states in its annual report. At home, however, interest rate margins declined and the improved result was largely attributable to earnings on foreign currency and stock market business.

Gross earnings on foreign business rose 43 per cent in 1980, compared with only 6 per cent the year before. Earnings on domestic business rose by 6 per cent. Costs increased more quickly abroad however, by 35 per cent compared with the 6 per cent increase at home.

Gross profit before tax and provisions advanced 27 per cent to Fl 794m ($332m) comprising a 59 per cent rise abroad and an 8 per cent increase in domestic profit. Foreign business accounted for 46 per cent of gross profits, against 37 per cent in 1979.

ABN, the most internationally-oriented of the Dutch banks, opened offices in three more countries last year—Spain, Sri Lanka and Taiwan—bringing to 42 the number of countries where it is represented. Foreign business accounted for 31 per cent of the balance sheet total of Fl 108.7bn, compared with 30 per cent the year before.

The bank increased profits from its foreign currency business

In the Netherlands the central bank's limits on the growth of lending have increased the need for more expensive long term borrowings and brought pressure on interest margins.

ABN earlier reported a 13 per cent rise in net profit to Fl 309m after doubling its provisions for general risks to Fl 300m. The balance sheet total rose by 25 per cent to Fl 108.7bn ($45.5bn).

Foreign reserves shortage delays Costa Rica credit

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN MADRID

COSTA RICA'S agreement with the International Monetary Fund on a SDR 246m (U.S.$297.6m) extended fund facility credit has been delayed pending clarification of the central bank's acute shortage of foreign exchange reserves.

The agreement, previously scheduled for approval by the IMF in late March, may not be signed until late May. Only after it is signed will the country be able to raise new funds on commercial markets abroad.

Sr. Hernan Saenz, the Finance Minister, said the central bank currently faces a net deficiency of foreign exchange reserves of about $95m. But this does not include an amount of up to $300m in short-term liabilities to private sector Costa Rica importers.

The IMF has asked Costa Rica to establish the exact amount of these obligations and to transfer them into medium-term obligations through the issue of negotiable three-year Certificates of Deposit, a process which has already begun.

This means that they will not add to the negative net reserve position of the central bank, which is defined as being an excess of short-term foreign exchange liabilities over gross foreign currency assets.

The net reserve position will be helped further as soon as Costa Rica can return to the medium-term Eurocurrency market. It is being allowed under the terms of the IMF agreement to raise a total $350m abroad this year, of which Finance Ministry officials expect about $200m to be raised on commercial markets.

To ensure a successful operation, Costa Rica is resigned to paying a margin of at least 1½ per cent over Libor on its first Eurocredit this year, a marked increase on its last loan of 1980, which carried a split 1-1½ margin.

Costa Rica is also negotiating a programme loan from the World Bank for an amount of about $60m which should become available shortly.

Mexico to seek fixed rate debt

BY OUR EUROMARKETS CORRESPONDENT IN MADRID

MEXICO plans to raise about $1bn in fixed interest international bonds this year to help reduce the floating rate portion of its debt, according to Sr. Angel Gurria, the Finance Minister and the official responsible for co-ordinating the country's foreign borrowing. Sr. Gurria announced this in an address to the meeting of the Inter-American Development Bank in Madrid.

As part of this programme, the State-owned oil company, Pemex, will launch a £50m "bulldog" bond issue through Lloyds Bank shortly. It will have a maturity of between 25 and 35 years, but the other terms have not yet been fixed.

However, a Yankee issue of $100m for the Mexican State was postponed on Monday night and will be revived as soon as market conditions are suitable. Its managers will be Morgan Stanley, Merrill Lynch and First Boston.

Most of the foreign bond issues are expected to be in U.S. dollars, although Mexico is currently reviewing the desirability of diversifying into other currencies

Some 75 per cent of Mexico's total $35bn in public sector foreign debt is at floating rates a factor which proved expensive when Eurodollar reposit rates moved above 20 per cent last year, Sn. Gurria said.

He said that Mexico had already raised about $4bn of the total $13bn public sector foreign borrowing requirement for this year.

Although there were no immediate plans to force a reduction in the margins on Euro credits, which currently stand about half a per cent over Libor, Mexico was watching carefuly to see whether better conditions could be achieved in the overall cost of its borrowings, including fees.

Sn. Gurria said that if the market continued to be receptive to Mexican borrowings, the country might raise more than $13bn abroad this year to take some pressure off the 1982 requirement, when the pace of its borrowing might slow because of the change in Government scheduled for next year.

Mexico will soon have completed its target of raising $500m in floating rate notes this year.

It plans to raise about $6bn in the medium term Euro credit market, while the remainder of its requirement will come from other sources, including short-term borrowings, supplier credits and loans from official agencies

Schauman stages sharp growth

BY LANCE KEYWORTH IN HELSINKI

AN INCREASE in dividend from 8 per cent to 10 per cent and higher profits for 1980 are reported by Schauman, the Finnish forest products group.

Group sales rose by 18 per cent to FM 1.67bn ($412m) while at the parent company level there was an even sharper gain with turnover advancing by 29 per cent to FM 1.54bn.

Mr. Gay Ehrnrooth, managing director, described the result as "very satisfactory." The parent company showed a profit after tax of FM 15.8m ($3.89m), against FM 10.2m in 1979.

Schauman hived off its engineering subsidiary, Jaromat, during 1980. Now, except for the leisure craft division, it is purely a forest products company. It took over the Fennia plywood factory during the year.

The result of the packaging materials and leisure craft divisions was "good," while new records were set in pulp, paper and kraft sack production. But the result for the sawmill and building products divisions was unsatisfactory.

Mr. Ehrnrooth warned that results will worsen in 1981. The impact of the recession is beginning to bite, production costs have risen and cannot be passed on to prices.

The packaging materials and paper divisions will probably put in a "relatively satisfactory" performance, partly because of increased orders from the Soviet Union.

BASE LENDING RATES

A.B.N. Bank 12 %	■ Guinness Mahon 12 %
Allied Irish Bk. 12 %	■ Hambros Bank 12 %
American Express Bk. 12 %	Heritable & Gen. Trust 12 %
Amro Bank 12 %	■ Hill Samuel §12 %
Henry Ansbacher 12 %	C. Hoare & Co. †12 %
AP Bank Ltd. 12 %	Hongkong & Shanghai 12 %
■ Arbuthnot Latham 12 %	Keyser Ullmann 12 %
Associates Cap. Corp. 12 %	Knowsley & Co. Ltd. 14 %
Banco de Bilbao 12 %	Langris Trust Ltd. 12 %
BCCI 12 %	Lloyds Bank 12 %
Bank of Cyprus 12 %	Mallinhall Limited 12 %
Bank of N.S.W. 12 %	Edward Manson & Co. 13 %
Banque Belge Ltd. 12 %	Midland Bank 12 %
Banque du Rhone et de la Tamise S.A. 12½ %	■ Samuel Montagu 12 %
Barclays Bank 12 %	■ Morgan Grenfell 12 %
Beneficial Trust Ltd. 13 %	National Westminster 12 %
Bremar Holdings Ltd. 13 %	Norwich General Trust 12 %
Brit. Bank of Mid. East 12 %	P. S. Refson & Co. 12 %
■ Brown Shipley 12½ %	Ryl. Bk. Canada (Ldn.) 12 %
Canada Perm't Trust 13 %	Slavenburg's Bank 12 %
Cayzer Ltd. 12 %	E. S. Schwab 13 %
Cedar Holdings 12 %	Standard Chartered ‖12 %
■ Charterhouse Japhet 12 %	Trade Dev. Bank 12 %
Choulartons 12 %	Trustee Savings Bank 12 %
C. E. Coates 12 %	TCB Ltd. 12 %
Consolidated Credits 12 %	United Bank of Kuwait 12 %
Co-operative Bank *12 %	Whiteaway Laidlaw 12½ %
Corinthian Secs. 12 %	Williams & Glyn's 12 %
The Cyprus Popular Bk. 12 %	Wintrust Secs. Ltd. 12 %
Duncan Lawrie 12 %	Yorkshire Bank 12 %
Eagil Trust 12 %	■ Members of the Accepting Houses Committee.
E. T. Trust Limited 12 %	* 7-day deposits 9%, 1-month 9½%. Short term £4,000/12 months 11.85%.
First Nat. Fin. Corp. 14½ %	† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9½%, and over £50,000 10½%.
First Nat. Secs. Ltd. 14½ %	‡ Call deposits £1,000 and over 9%.
Robert Fraser 12 %	§ Demand deposits 9½%.
Antony Gibbs 12 %	‖ 21-day deposits over £1,000 10½%.
Greyhound Guaranty 12 %	
Grindlays Bank ‡12 %	

Companies and Markets

INTL. COMPANIES & FINANCE

Cheung Kong profits set record for Hong Kong

BY ADRIAN BOVEN IN HONG KONG

CHEUNG KONG HOLDINGS, which is widely seen as Hong Kong's most aggressive property developer, yesterday reported total profits for 1980 of HK$1.5bn (U.S.$280m), a record for the Colony, topping the HK$1.43bn reported last month by Hongkong and Shanghai Banking Corporation. Earnings after tax and minorities came to HK$701.3m, up 176 per cent from the HK$254.1m of 1979, and the group also turned in an extraordinary gain of HK$801m, from sales of development properties and quoted shares.

The final dividend was set at 43 cents a share, making a total for the year of 63 cents per share, up 129 per cent from an adjusted 27.5 cents a share for 1979, and shareholders will also receive a three-for-ten scrip issue.

Mr. Li Ka-shing, the chairman, predicted that earnings would continue to grow at a satisfactory rate in 1981, because of encouraging pre-sales of development property, a large high quality land bank and a strong cash flow. He forecast that dividends for 1981 would be maintained at 63 cents a share on the increased capital.

Mr. Li also revealed that the group's stake in one of Hong Kong's major trading houses, Hutchison Whampoa, has grown to over 40 per cent from just over 31 per cent a year ago. Cheung Kong startled the British-dominated trading houses in September, 1979 when it bought a 22 per cent share of Hutchison from the Hongkong and Shanghai Bank. It has continued to build steadily on that shareholding and Mr. Li was appointed chairman of Hutchison on January 1.

Besides its own considerable number of development projects, Cheung Kong was active last year in setting up joint ventures for property development with several major companies in Hong Kong, including Hongkong Land, Wheelock Marden, Hongkong Electric and Hongkong and Kowloon Wharf.

● Figures from another of Hong Kong's leading profit earners, Hongkong Land, are due this week.

EUROCREDITS

Fine terms offered by Colombia

BY FRANCIS GHILÈS

A MANDATE to raise a $200m ten-year credit for the Republic of Colombia has been awarded to four banks. The borrower will pay a margin of ⅝ per cent of the London inter-bank offered rate (Libor) for ten years, with six years' grace. These are very fine terms but consistent with the fact that Colombian borrowers appear only rarely in the international capital markets. The four banks are Barclays Bank, Dai-Ichi Kangyo, Industrial Bank of Japan and Manufacturers Hanover, which is also acting as agent.

The Republic of Portugal is arranging a $500m eight-year loan through a group of ten banks. The borrower is paying a split margin over the London interbank rate—of ⅞ per cent for six years, declining to ¾ per cent for the last two. Banks will receive the lower spread only after repayments have begun. The loan carries a five-year grace period before repayments begin.

The 10 banks managing the loan are Amsterdam-Rotterdam Bank, Bank of Tokyo, the Industrial Bank of Japan, Banque Nationale de Paris, Societe Generale, of France, Toronto Dominion Bank, National Westminster, Manufacturers Hanover, UBAF and Gulf International. They are to meet in Lisbon tomorrow to agree which of them is to act as the agent bank. Each manager has subscribed $50m and the loan is expected to be sold in the market.

A marketing of $400m for Bank of Greece is to be conducted on a more restricted basis, because of the very fine terms paid by the borrower: a split margin of ⅝ per cent for the first five years, rising to ¾ per cent for the last five, with five years' grace. The 10 banks included in the management group are to meet in Athens today to determine which will be the agent.

The managers are Bank of Tokyo, Paribas, Citibank, Credit Agricole, Credit Lyonnais, Fuji Bank, Gulf International, Manufacturers Hanover, National Bank of Canada and Toronto Dominion.

Tata group to build $220m power plant

By R. C. Murthy in Bombay

TATA ELECTRIC COMPANIES in the Tata grouping are to build and run a 500 MW power station in Bombay costing Rs1.8bn ($220m). This is the first major expansion allowed to a private sector company since the formulation of energy policy under which power generation and distribution are reserved to the public sector.

The Tata companies — Tata Power, Tata Hydro, and Andhra Valley—have an installed capacity of 614 MW. All the previous generating sets were installed before power was reserved to the public sector. The three companies at present produce power and sell to state undertakings for distribution to ultimate consumers.

Last year, the Government revised its policy of allowing the private sector to set up new power generating plant as part of a crash plan to bridge the demand-supply gap. In 1980 the power cuts to industry ranged between 40 per cent and 60 per cent during peak consumption periods.

The new Bombay power station, which will have a single 500 MW power plant, is the first private sector unit to receive a World Bank loan for power generation. The World Bank has sanctioned a Rs905m loan to the Tata companies, which have given to contract to Kraftwerk Union (KWU) of West Germany, a Siemens subsidiary, for the supply and erection of the plant. The loan was subject to an undertaking by the Government that Tata electric companies would not be nationalised for 20 years.

Indian financial institutions have sanctioned funding of Rs550m, and a further Rs175m is to be raised through an equity share flotation.

The power station will be able to operate on three different fuels—coal, oil, and gas. This flexibility is considered necessary to provide for disruption in coal supplies, which has been a feature over the past two years.

The Tata companies have applied for permission to build a second 500 MW unit to replace the ageing 338 MW Tata Power Company units. Tata's first 500 MW plant is a technology upgrading pacesetter for India's power industry. Public sector units have started switching over to 500 MW plants.

Hong Leong plans $30m property deal

By Our Kuala Lumpur Correspondent

HONG LEONG INDUSTRIES, the fast-growing Malaysian building materials manufacturer, has announced it is going into property development in a deal worth more than 70m ringgit (U.S.$30.43m).

HLI said that it would take over the entire capital of 4m shares of Mah Kah Corporation in exchange for 7.65m new HLI shares. HLI shares were last traded at 11.4 ringgit before they were suspended recently.

Mai Kah is developing more than 1,000 units of residential houses and shops in two areas outside Kuala Lumpur, and HLI said the acquisition would substantially boost its earnings. It forecast that pre-tax profits would be 10.4m ringgit (U.S.$ 4.52m) for the year ending June.

HLI said that after the acquisition, its paid-up capital would be increased to 34m ringgit from 26.4m ringgit, with net assets rising to 63m ringgit from 40m ringgit, giving it a net asset value of 1.86 ringgit per share.

The acquisition is subject to approval by the Malaysian Government.

Henkel in Malaysian palm oil refinery venture

BY WONG SULONG IN KUALA LUMPUR

HENKEL, the West German chemicals and detergents group, has entered into a joint venture agreement with two prominent Malaysian palm oil traders, Jomalinda and Socoil, to build a palm oil refinery.

The joint venture, called Henkel Olechemicals (Malaysia) Sdn. Berhad, will build a refinery at Port Kelang to process crude palm oil into fatty acids, glycerine and fatty acid esters. The project, which will cost about 13m ringgit (U.S.$5.6m) will have an initial capacity of 18,000 tonnes a year.

Henkel will hold 40 per cent of the new company's equity and the Malaysian partners will hold 30 per cent each. Henkel will provide the technical expertise and marketing know-how, while Jomalinda and Socoil will supply the crude palm oil for the plant.

Ajinomoto to raise $40m

By John Makinson

AJINOMOTO, one of Japan's largest food producers and distributors, is raising around $40m through an issue of shares outside Japan.

The company is offering 10m shares in the form of European Depositary Receipts. They will be priced at a discount to the Tokyo market price on April 14. The shares closed at Y910 ($4.24) in Tokyo yesterday.

The offer is being managed by a syndicate led by Nomura International Ltd. Co-managers are Niko Securities (Europe) and Morgan Stanley International. The shares are being offered in blocks of 10,000 and will be listed in Luxembourg.

Ajinomoto, which is the worl's largest manufacturer of monosodium glutamate, had net income of Y12.14bn ($58.1m) on sales of Y383bn ($1.84bn) in the year ended March 31, 1980.

New Straits Times ahead

By Georgie Lee in Singapore

NEW STRAITS Times Press, Malaysia's largest publishing group, lifted pre-tax earnings by 56 per cent to 17.5m ringgit (U.S.$7.7m) in the half year to February, on turnover up by 28 per cent to 54m ringgit (U.S.$24m).

The group, which publishes the New Straits Times, the leading English daily, and the country's only financial daily, Business Times, said the strong performance came from good growth in advertising and circulation, with encouraging contributions from subsidiaries.

Second-half results are not expected to be as buoyant, because of the slowing down of the Malaysian economy, and higher costs.

The group is maintaining the interim dividend at 15 cents.

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar eases

Dollar showed a weaker trend as nervous pressure in the foreign exchange market tended to ease. This followed the speech by President Leonid Brezhnev of the Soviet Union, to the Czechoslovak Communist Party Congress in Prague, suggesting that Poland should solve its own problems. On the other hand the U.S. currency's decline was tempered by the slight rise in Eurodollar interest rates.

Sterling was helped by the downward movement of the dollar, and by reaction to the heavy selling on Monday. But the major factor behind the pound's sharp rise was the disappointing UK banking figures, casting doubts about any likely fall in Bank of England Minimum Lending Rate in the near future.

European currencies improved against the dollar, while the Belgian franc showed little movement within the European Monetary System after an initial improvement on the commitment of the new Belgian Prime Minister to avoid devaluation.

DOLLAR — trade-weighted index (Bank of England) fell to 101.4 from 101.5. It finished at the low point of the day against the D-mark at DM 2.1380, compared with DM 2.1555 on Monday, and fell to SwFr 1.9520 from SwFr 1.9695 in terms of the Swiss franc.

STERLING — trade-weighted index (Bank of England) rose to 98.9 from 98.7, after opening at 98.6 and improving to 98.7 at noon. The pound opened at $2.1800-2.1810, and quickly touched a low point of $2.1750-1.1760. In the afternoon it returned to this low level before touching a peak of $2.1940-2.1950 following publication of the banking figures. Sterling closed at $2.1930-2.1940, a rise of 2.45 cents on the day.

D-MARK—One of the strongest members of the European Monetary System, helped by a sharp rise in West German interest rates. Even higher U.S. interest rates, and the present East/West tension over Poland, have depressed the German currency against the dollar however—The D-mark showed mixed changes at the Frankfurt fixing. The dollar fell to DM 2.1437 from DM 2.1469 in active nervous trading. Firmer U.S. interest rates helped the dollar, while President Brezhnev's speech in Prague tended to calm speculation of an imminent Soviet invasion of Poland. The dollar fell to a low of DM 2.1400 before the fixing when the German central bank was reported to have sold a small amount of dollars on the open market, although there was no official intervention at the fixing. Sterling rose to DM 4.6710 from DM 4.6620 and the Swiss franc to DM 1.0959 from DM 1.0950. Among EMS currencies the Belgian france and Danish krone were firmer, but the French franc and Dutch guilder declined.

DUTCH GUILDER—Remaining firm within the EMS, but in common with other European currencies weaker against the dollar. Economic problems caused by oil price increases and world recession have led to a balance of payments deficit, but the Netherland's position seems less severe than several other EMS members—The guilder lost ground to most major currencies at the Amsterdam fixing, with the dollar rising to DFl 2.3775 from DFl 2.3765, and sterling to DFl 5.1780 from DFl 5.1850. Within the EMS the D-mark improved to DFl 1.1082 from DFl 1.1070, and the Belgian franc DFl 6.76 per 100 Belgian francs from DFl 6.7590.

THE POUND SPOT AND FORWARD

April 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1750-2.1950	2.1930-2.1940	0.65-0.75c dis	−3.83	2.00-2.10cdis	−3.74
Canada	2.5850-2.6020	2.5995-2.6005	1.10-1.20c dis	−5.31	3.20-3.35cdis	−5.04
Nethlnd.	5.17-5.21	5.20-5.21	1⅛-⅞c pm	2.02	2½-1½c pm	1.54
Belgium	76.45-76.95	76.80-76.90	90-110c dis	−15.61	140-160cdis	−7.81
Denmark	14.70-14.77	14.75½-15.76½	1⅛-3½ore dis	−1.98	8⅞-10¼ dis	−2.66
Ireland	1.2710-1.2865	1.2835-1.2850	0.24-0.36p dis	−2.80	0.87-1.01dis	−2.93
W. Ger.	4.66½-4.70½	4.68¼-4.69¼	par-½pf dis	−0.64	½-1pf dis	−0.64
Portugal	126.20-127.20	126.85-127.05	par-75c dis	−3.54	45-270dis	−4.02
Spain	189.80-191.00	190.75-190.95	65-90c dis	−4.56	190-250dis	−4.61
Italy	2328-2343	2340½-2342½	12½-14½lire dis	−6.92	43½-46½lirdis	−7.69
Norway	11.81-11.92	11.91-11.92	1ore pm-½ dis	0.19	½-2 dis	−0.38
France	11.01½-11.07½	11.06-11.07	1-2c dis	−1.63	4⅞-5⅞dis	−1.72
Sweden	10.16-10.22	10.21-10.22	3½-4½ore dis	−4.33	9⅝-10⅝dis	−3.96
Japan	465-470	468-469	2.40-2.10y pm	5.76	5.45-5.15 pm	4.57
Austria	33.00-33.30	33.25-33.28	4gro pm-1 dis	0.54	8 pm-2 dis	0.36
Switz.	4.25½-4.29½	4.27¾-4.28¾	2-1c pm	4.20	4-3c pm	3.27

Belgian rate is for convertible francs. Financial franc 79.95-80.05. Six-month forward dollar 3.85-3.95c dis. 12-month 6.25-6.45c dis.

THE DOLLAR SPOT AND FORWARD

April 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1750-2.1950	2.1930-2.1940	0.65-0.75c dis	−3.83	2.00-2.10dis	−3.74
Ireland†	1.6950-1.7055	1.7035-1.7055	0.10-0.20c dis	−1.05	0.35-0.45dis	−0.94
Canada	1.1861-1.1888	1.1866-1.1869	0.07-0.12c dis	−0.96	0.31-0.36dis	−1.12
Nethlnd.	2.3725-2.3790	2.3730-3.3740	1.16-1.06c pm	5.61	2.88-2.88pm	4.94
Belgium	35.03-35.14	35.03-35.05	35-50c dis	−14.51	40-60dis	−5.69
Denmark	6.7375-6.7550	6.7385-6.7400	1.30-0.80ore pm	1.87	3.00-2.00 pm	1.48
W. Ger.	2.1375-2.1550	2.1375-2.1385	0.68-0.62pf pm	3.65	1.76-1.70pm	3.24
Portugal	57.70-58.10	57.70-57.85	15c pm-15 dis	—	30pm-40dis	−0.34
Spain	86.85-87.20	86.85-86.95	5-15c dis	−1.38	10-25 dis	−0.80
Italy	1066-1069	1066-1068	2¼-3lire dis	−2.95	9½-11 dis	−3.84
Norway	5.4250-5.4400	5.4390-5.4400	1.85-1.35ore pm	3.63	4.60-4.10pm	3.20
France	5.0430-5.0610	5.0430-5.0450	1.10-1.00c pm	2.49	2¾-2½ pm	2.08
Sweden	4.6580-4.6650	4.6635-4.6645	0.05-0.25ore dis	−0.38	0.45-0.65dis	−0.47
Japan	213.10-213.80	213.45-213.55	1.65-1.50y pm	8.85	4.10-3.95pm	7.54
Austria	15.15-15.20	15.15-15.15½	6.30-5.00gro pm	4.47	17.0-13.5pm	4.02
Switz.	1.9490-1.9610	1.9515-1.9525	1.38-1.28c pm	8.18	3.60-3.50pm	7.27

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

April 7	Bank of England Index	Morgan Guaranty Changes%
Sterling	98.9	−27.2
U.S. dollar	101.4	−3.5
Canadian dollar	86.3	−17.2
Austrian schilling	116.1	+21.6
Belgian franc	107.7	+9.0
Danish kroner	89.1	−10.9
Deutsche mark	120.8	+41.6
Swiss franc	134.7	+75.5
Guilder	112.2	+15.1
French franc	86.7	−8.7
Lira	59.3	−55.4
Yen	143.4	+38.9

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.558982	0.543007
U.S. $	13	1.21327	1.18185
Canadian $	16.74	1.44112	1.40156
Austria Sch.	6¾	18.4296	17.9406
Belgium F.	16	42.6828	41.5511
Danish K.	11	8.20171	7.98543
D mark	7½	2.60477	2.53449
Guilder	9	2.8835¼	2.80750
French Fr.	9½	6.13611	5.97132
Lira	19	1297.29	1262.81
Yen	6¼	259.276	253.153
Norwgn. Kr.	9	6.58381	6.41452
Spanish Pta.	8	105.906	103.176
Swedish Kr.	12	5.65954	5.51835
Swiss Fr.	4	2.37716	2.31383
Greek Dr'ch.	20½	—	61.8819

OTHER CURRENCIES

April 7	£	$		£ Note Rates
Argentina Peso	6657-6677	3050-3060	Austria	32.75-33.15
Australia Dollar	1.8995-1.9035	0.8665-0.8670	Belgium	78.70-79.60
Brazil Cruzeiro	166.12-167.12	76.15-76.53	Denmark	14.60-14.75
Finland Markka	8.97-8.99	4.119-4.120	France	10.93-11.03
Greek Drachma	112.898-115.246	52.25-52.45	Germany	4.64-4.68½
Hong Kong Dollar	11.6486-11.6685	5.3385-5.3415	Italy	2260-2330
Iran Rial	164.60*	75.85*	Japan	464-470
Kuwait Dinar(KD)	0.595-0.601	0.2752-0.2754	Netherlands	5.15-5.20
Luxembourg Frs.	76.80-76.90	35.03-35.05	Norway	11.75-11.87
Malaysia Dollar	5.027-5.038	2.3040-2.3060	Portugal	123-126
New Zealand Dlr	2.4200-2.4250	1.1030-1.1040	Spain	183½-195
Saudi Arab. Riyal	7.26-7.32	3.3500-3.3520	Sweden	10.14-10.24
Singapore Dollar	4.581-4.603	2.1045-2.1065	Switzerland	4.24-4.28½
Sth African Rand	1.7690-1.7710	0.8065-0.8075	United States	2.16¾-2.18¾
U.A.E. Dirham	7.96-8.02	3.6720-3.6740	Yugoslavia	78½-82

Rate given for Argentina is free rate. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.5460	+1.83	+1.83	±1.5361
Danish Krone	7.91917	7.97683	+0.73	+0.73	±1.6413
German D-Mark	2.54502	2.53403	−0.43	−0.43	±1.1386
French Franc	5.99526	5.97908	−0.27	−0.27	±1.3638
Dutch Guilder	2.81318	2.80913	−0.14	−0.14	±1.5159
Irish Punt	0.685145	0.694531	+1.37	+1.37	±1.6688
Italian Lira	1262.92	1261.58	−0.11	−0.11	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

April 7	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.194	4.693	468.5	11.065	4.283	5.205	2342.	2.600	76.85
U.S. Dollar	0.456	1.	2.139	213.6	5.044	1.952	2.373	1067.	1.185	35.04
Deutschemark	0.213	0.467	1.	99.84	2.358	0.913	1.109	499.0	0.554	16.38
Japanese Yen 1,000	2.134	4.683	10.02	1000.	23.62	9.141	11.11	4998.	5.550	164.0
French Franc 10	0.904	1.982	4.241	423.4	10.	3.870	4.704	2116.	2.350	69.45
Swiss Franc	0.234	0.512	1.096	109.4	2.584	1.	1.215	546.8	0.607	17.95
Dutch Guilder	0.192	0.421	0.902	90.01	2.126	0.823	1.	449.9	0.500	14.76
Italian Lira 1,000	0.427	0.937	2.004	200.1	4.726	1.829	2.223	1000.	1.110	32.82
Canadian Dollar	0.385	0.844	1.805	180.2	4.256	1.647	2.002	900.6	1.	29.56
Belgian Franc 100	1.301	2.854	6.106	609.5	14.40	5.573	6.773	3047.	3.383	100.

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 7)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 1/8	offer 16 1/4	bid 16	offer 16 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

April 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11¾-12	15⅝-15⅞	16½-17½	9⅞-10	13½-14	11¼-11½	12⅛-12⅝	17-19	32-36	5¾-6¼
7 days' notice	12⅛-12⅜	15¾-16	16½-17½	9⅞-10	7¾-8¼	11¾-12	13½-13¾	17¾-19¼	35-40	6-6¼
Month	12$\frac{1}{16}$-12¼	15¾-16	17⅛-17½	10$\frac{1}{16}$-10$\frac{3}{16}$	8$\frac{1}{16}$-8$\frac{5}{16}$	12$\frac{1}{16}$-12$\frac{3}{16}$	13¼-13½	18½-19½	32-34	7-7¼
Three months	12$\frac{1}{16}$-12$\frac{3}{16}$	15¾-16	16¾-17⅛	10$\frac{7}{16}$-10$\frac{11}{16}$	8⅜-8½	12⅝-12¾	13$\frac{11}{16}$-13$\frac{15}{16}$	19½-20½	19-21	7$\frac{5}{16}$-7$\frac{7}{16}$
Six months	12⅛-12$\frac{5}{16}$	15¾-16	15⅞-16¼	10⅝-10¾	8$\frac{1}{16}$-8$\frac{3}{16}$	12⅝-12¾	13⅝-13⅞	19¾-20¾	16-18	7$\frac{7}{16}$-7$\frac{9}{16}$
One Year	12⅛-12¼	15⅜-15⅝	15½-15⅞	10$\frac{5}{16}$-10$\frac{7}{16}$	8-8⅛	12-12⅛	13⅝-13⅞	19½-20½	14½-16½	7⅞-8⅛

SDR linked deposits: one-month 13¼-13½ per cent; three-months 13¼-13½ per cent; six-months 13¼-13½ per cent; one-year 12$\frac{15}{16}$-13$\frac{3}{16}$ per cent.

ECU linked deposits: one-month 13¼-13½ per cent; three-months 13$\frac{7}{16}$-13$\frac{11}{16}$ per cent; six-months 13⅜-13⅝ per cent; one-year 12$\frac{13}{16}$-13$\frac{1}{16}$ per cent.

Asian $ (closing rates in Singapore): one-month 15⅞-16 per cent; three-months 16-16⅛ per cent; six-months 16-16⅛ per cent; one-year 15⅝-15¾ per cent. Long-term Eurodollar two-years 14⅞-15⅛ per cent; three-years 14⅞-15⅛ per cent; four-years 14⅞-15⅛ per cent; five-years 14⅞-15⅛ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.65-15.75 per cent; three-months 15.65-15.75 per cent; six-months 15.65-15.75 per cent; one-year 15.40-15.50 per cent.

INTERNATIONAL MONEY MARKET

Belgian rates firm

Rates on short-term Treasury bill certificates were increased in Brussels yesterday. One-month bills rose to 17.25 per cent from 17.00 per cent as did two-month bills. At the same tie the rate on four-month bond fund paper rose to 17.35 per cent from 17.00 per cent. Three-month Treasury bills were left unchanged. Yields have continued to rise in Brussels even after last month's tree point increase in the bank rate to 16 per cent. Within the European Monetary System the Belgian franc remained the weakest currency, although it has been under considerably less pressure just recently.

In Frankfurt call money was quoted at 11.95-12.10 per cent compared with 12.00-12.10 per cent on Monday. The special Lombard facility remained open at 12 per cent. Longer term rates showed little overall change.

In Amsterdam short-term money was unchanged at 9¾-10 per cent but one-month money eased to 10-10¼ per cent from 10¼-10⅜ per cent, and the three-month rate was lower at 10¼-10½ per cent compared with 10⅜-10⅝ per cent previously.

In Paris call money remained at Monday's level of 12¼ per cent, itself a nine-month high. Longer term rates were all firmer by up to one-eighth of a point.

MONEY RATES

NEW YORK	
Prime Rate	17
Fed Funds	15¾-16
Treasury Bills (13-week)	13.98
Treasury Bills (26-week)	13.59
GERMANY	
Special Lombard	12.0
Overnight Rate	12.025
One month	12.80
Three months	13.325
Six months	13.05
FRANCE	
Intervention Rate	12.5
Overnight Rate	12.25
One month	13.0625
Three months	13.3125
Six months	13.1875
JAPAN	
Discount Rate	6.25
Call (Unconditional)	7.3125
Bills Discount (three-month)	7.28125

UK MONEY MARKET

Large help

Bank of England Minimum Lending Rate 12 per cent (from March 10, 1981)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance on a large scale. This comprised moderate purchases of Treasury bills, a small number of local authority bills, and a small amount of eligible bank bills, all direct from discount houses. The latter were paying around 11¾ per cent for secured call loans at the start, with later balances taken as low as 3 per cent. The market was faced with a moderate excess of revenue transfers to the Exchequer over Government disbursements, and banks brought forward balances a small way below target. On the other hand a small net take up of Treasury bills was outweighed by Treasury bills maturing outside official hands.

LONDON MONEY RATES

April 7 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-12	11½-11¾	—	—	9-12	11-11¾	—	—	—
2 days notice	—	—	12-12¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅝-12⅛	12-12⅛	—	12⅛	12¼	11¾	—	—	—
One month	12¼-12⅛	12⅛-12¼	12-12⅛	13⅛-12⅞	12⅛	12⅛	11¾-11⅞	11$\frac{7}{16}$	11½	12⅜
Two months	12$\frac{5}{16}$-12⅛	12⅛-12$\frac{5}{16}$	—	13-12⅝	12$\frac{5}{16}$	12⅛	11¾	11$\frac{15}{32}$-11$\frac{17}{32}$	11$\frac{5}{16}$-11½	12⅛
Three months	12¼-12⅛	12$\frac{1}{16}$-12$\frac{5}{16}$	12⅛-12¼	12⅞-12½	12$\frac{5}{16}$	12⅛	11⅝	11⅝-11$\frac{11}{16}$	11⅝-11$\frac{11}{16}$	12¼
Six months	12⅛-11⅞	12-12$\frac{3}{16}$	12⅛	12⅛-12⅛	12$\frac{3}{16}$	12⅛	—	—	11¼	11¾
Nine months	12-11⅞	11$\frac{15}{16}$-12¼	—	12⅛-12⅛	12⅛	12⅛	—	—	—	—
One year	12-11⅞	11$\frac{15}{16}$-12⅛	12-12⅛	12¼-12	12$\frac{1}{16}$	12⅛	—	—	—	—
Two years	—	—	12½-12⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 12¾-12⅞ per cent; four years 13 per cent; five years 13⅛-13¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-months bank bills 11$\frac{9}{16}$-11⅝ per cent; four-months trade bills 12⅜ per cent.

Approximate selling rate for one-month Treasury bills 11$\frac{7}{16}$ per cent; two-months 11$\frac{15}{32}$-11$\frac{13}{32}$ per cent; three-months 11$\frac{9}{16}$ per cent. Approximate selling rate for one-month bank bills 11$\frac{23}{32}$-11$\frac{21}{32}$ per cent; two-months 11$\frac{19}{32}$-11⅝ per cent; three-months 11⅝-11$\frac{9}{16}$ per cent; one-month trade bills 12$\frac{5}{16}$ per cent; two-months 12$\frac{5}{16}$ per cent and three-months 12 per cent.

Finance Houses Base Rates (published by the Finance Houses Association). 13 per cent from April 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.4276 per cent.

GOLD

Sharp fall

Gold fell $19 to close at $511-514 in the London bullion market. The metal's weakness was brought about by reduced nervousness over the situation in Eastern Europe following President Brezhnev's speech about Poland. Gold opened at $522-525, and was fixed at $517.00 in the morning and $514.25 in the afternoon. It opened at the high point of the day, and finished at the day's low.

In Paris the 12½-kilo gold bar was fixed FFr 88,000 per kilo ($540.81 per oz) in the afternoon, compared with FFr 88,000 ($540.92) in the morning, and FFr 88,800 ($545.80) Monday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 35,770 per kilo ($519.30 per oz), against DM 36,925 ($535.02) previously, and finished at $512-515 compared with $532-535.

	April 7		April 6	
Gold Bullion (fine ounce)				
Close	$511-514	(£233¼-234¾)	$530-533	(£244¼-245½)
Opening	$522-525	(£239-241)	$532-535	(£243-244¼)
Morning fixing	$517	(£237.166)	$534.25	(£246.181)
Afternoon fixing	$514.25	(£235.462)	$533.75	(£245.043)
Gold Coins				
Krugerrand	$530-532	(£241¾-242½)	$544-546½	(£250-250¾)
1/2 Krugerrand	$273-274	(£124½-125)	$281-282	(£129-129½)
1/4 Krugerrand	$139-140	(£63¼-63¾)	$143½-144½	(£66-66½)
1/10 Krugerrand	$58-59	(£26½-27)	$60½-61½	(£27¾-28¼)
Mapleleaf	$525-526	(£239¼-239¾)	$539-540½	(£247¾-248¼)
New Sovereigns	$128¾-129¾	(£58¾-59¼)	$132-133	(£60½-61)
King Sovereigns	$147½-149½	(£67¼-68¼)	$151-153	(£69½-70½)
Victoria Sovs	$147½-149½	(£67¼-68¼)	$151-153	(£69½-70½)
French 20s	$172-175	(£78½-79¾)	$172-174	(£79-80)
50 pesos Mexico	$633-638	(£288½-291)	$657-662	(£302-304¼)
100 Cor. Austria	$498-503	(£227-229¼)	$515-520	(£236¾-239)
$20 Eagles	$625-630	(£285-287¼)	$634-639	(£291¼-293½)

London Clearing Banks' balances

as at March 18, 1981

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m	£m	Change on month £m	£m
LIABILITIES				
Sterling deposits:				
UK banking sector	5,882		− 35	
UK private sector	40,297		+101	
UK public sector	600		− 36	
Overseas residents	4,601		+ 32	
Certificates of deposit	2,110		− 96	
		53,491		− 34
of which: Sight		18,400		+462
Time (inc. CD's)		35,091		−496
Foreign currency deposits:				
UK banking sector	8,567		−440	
Other UK residents	2,119		+176	
Overseas residents	20,000		−108	
Certificates of deposit	1,912		+ 90	
		32,598		−282
Total deposits		86,089		−316
Other liabilities*		12,731		− 9
TOTAL LIABILITIES		98,820		−325
ASSETS				
Sterling				
Cash and balances with Bank of England		1,409		− 48
Market loans:				
Discount market	2,097		−251	
UK banks	8,998		−197	
Certificates of deposit	1,585		− 79	
Local authorities	1,210		+ 74	
Other	1,202		+ 80	
		15,092		−372
Bills:				
Treasury bills	243		+ 53	
Other bills	940		−178	
		1,183		−126
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	2,640		+ 28	
Other	2,067		+127	
		4,707		+155
Advances:				
UK private sector	31,700		+240	
UK public sector	342		+ 72	
Overseas residents	3,085		+ 8	
		35,127		+320
Other sterling assets*		7,122		− 8
Foreign currencies				
Market loans:				
UK banks and discount market	7,995		−557	
Certificates of deposit	203		− 3	
Other	14,090		+ 43	
		22,288		−518
Bills		40		+ 3
Advances:				
UK private sector	2,209		+ 42	
UK public sector	858		+ 26	
Overseas residents	6,905		+ 74	
		9,973		+142
Other foreign currency assets*		1,878		+128
TOTAL ASSETS		98,820		−325
Acceptances		1,060		+ 81

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Out-standing £m	Change on month £m	BARCLAYS Out-standing £m	Change on month £m	LLOYDS Out-standing £m	Change on month £m	MIDLAND Out-standing £m	Change on month £m	NATIONAL WESTMINSTER Out-standing £m	Change on month £m	WILLIAMS & GLYN'S Out-standing £m	Change on month £m
LIABILITIES												
Total deposits	86,089	−316	24,967	+ 6	14,887	−499	17,898	−136	25,806	+238	2,531	+ 75
ASSETS												
Cash and balances with Bank of England	1,409	− 48	420	− 9	288	+ 41	276	− 72	393	− 11	33	+ 3
Market loans:												
UK banks and discount market	19,090	−1,005	5,362	−274	2,755	−640	2,912	−140	7,458	+ 1	603	+ 49
Other	18,289	+114	5,446	+106	4,142	−275	3,120	+ 17	5,020	+249	561	+ 18
Bills	1,223	−122	233	− 88	149	− 31	334	—	485	− 1	21	− 3
British Government stocks	2,640	+ 28	867	+ 25	371	+ 5	780	+ 4	549	− 6	74	—
Advances	45,100	+461	13,249	+271	7,813	+167	10,300	− 44	12,417	+ 58	1,321	+ 9

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GLYN'S	
Eligible liabilities	34,534	−315	10,704	− 8	5,621	− 48	8,246	−178	8,813	− 76	1,151	− 6
Reserve assets	3,309	−499	918	−189	659	− 1	766	−143	866	−145	100	− 20
Reserve ratio (%)	9.6	− 1.3	8.6	− 1.7	11.7	+ 0.1	9.3	− 1.5	9.8	− 1.6	8.7	− 1.7

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	Mar. 18, 1981 £m	Change on month £m
Eligible liabilities		
UK banks		
London clearing banks	34,716	−320
Scottish clearing banks	4,127	− 42
Northern Ireland banks	1,102	− 5
Accepting houses	3,357	+210
Other	10,351	+ 5
Overseas banks		
American banks	7,033	−264
Japanese banks	830	+ 65
Other overseas banks	5,681	− 68
Consortium banks	711	+ 26
Total eligible liabilities*	67,908	−394
Reserve assets		
UK banks		
London clearing banks	3,327	−500
Scottish clearing banks	371	− 77
Northern Ireland banks	127	− 28
Accepting houses	326	− 21
Other	1,094	− 45
Overseas banks		
American banks	641	−147
Japanese banks	78	− 8
Other overseas banks	597	−110
Consortium banks	106	—
Total reserve assets	6,667	−936
Constitution of total reserve assets		
Balances with Bank of England	563	− 33
Money at call:		
Discount market	3,345	−793
Other	249	− 1
UK, Northern Ireland Treasury Bills	454	+ 38
Other bills:		
Local authority	211	− 61
Commercial	900	−196
British Government stocks with one year or less to final maturity	945	+109
Other	—	—
Total reserve assets	6,667	−936
Ratios %		
UK banks		
London clearing banks	9.6	− 1.3
Scottish clearing banks	9.0	− 1.8
Northern Ireland banks	11.5	− 2.5
Accepting houses	9.7	− 1.3
Other	10.6	− 0.4
Overseas banks		
American banks	9.1	− 1.7
Japanese banks	9.4	− 1.8
Other overseas banks	10.5	− 1.8
Consortium banks	14.9	− 0.6
Combined ratio	9.8	− 1.3
	£m	£m
n.b.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	82	−145
2—Finance houses		
Eligible liabilities	406	− 21
Reserve assets	36.9	− 7.8
Ratio (%)	9.1	− 1.4

Special deposits at March 18 were nil (unchanged) for banks and nil (unchanged) for finance houses. * Interest-bearing eligible liabilities were £50,432m (down £246m).

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

East Germany leads in explosive forming

THE WORLD'S first mass-production, explosive-forming process is saving its East German operators significant sums each year in the production of heavy-duty axle cases.

Developed at VEB IFA-Automobilwerke in Ludwigsfelde by the prize-winning engineer Dr. Horst Steinicke, the new process employs a unique explosive-forming plant which completely cuts out high-cost presses and machine tools.

In the early 1970s, Steinicke's firm wanted to improve its axle fabrication process in line with the latest international technology. But this required high investment, especially as it would involve purchasing a special press for heat jointing axle case halves cut and machined from steel plate. But the investment cost was too great as the equipment needed had to be imported and paid for in hard currency.

Steinicke set to work to find an alternative that would achieve an axle of the same quality, but whose fabrication would be faster, simpler and, above all, cheaper. The result was not only a new technique employing rolled section steel, but a new technology—explosive forming.

The raw material for fabrication is a special U-section steel in which the thickness of the wall and web are dictated by the required dimensions of the finished axle.

The section is cut to the axle length and the two ends prepared for welding of the wheel flanges. A shaped slot with two end gussets is then punched in the centre of the section for the explosive forming of the differential housing. Two sections are then welded together longitudinally to form a complete, but as yet unfinished axle housing.

At this point, the axle casing enters the explosive forming machine in which the slot is accurately blown out to the dimensions required for the differential housing. The gussets are filled in by welding, and the axle finished off by jointing on the axle, drive components (flange and ring) and the spring seatings.

Although only now being offered under licence, the system has been in continuous use since 1977 and has produced over 200,000 axles for trucks, tractors and buses, with a 40 per cent higher service life than their conventionally produced predecessors, the company claims. Last year, the system saved over 60,000 man-hours and over 750 tonnes of material. Investment costs are also claimed to be significantly lower than conventional fabrication systems, and the whole is claimed to be more adaptable because of the ability of the explosive forming machine to meet a wide range of shape requirements.

TOM SEALY

Master gunner in the Alps helps protect the terrain

FIRING OFF artillery rounds into the Alpine landscape for practice purposes is becoming increasingly undesirable not only for safety and environmental reasons but also in view of the growing cost of ordnance.

So Marconi Space and Defence Systems has written special software for its Master Gunner simulation system that will allow training to take place in barracks. The special equipment is to be supplied to the Austrian Army for the training of forward observation officers and mortar fire controllers.

The Master Gunner system uses computer-generated images of enemy activity and own shell bursts projected on to a 20 ft wide screen. The basic view of the Alpine terrain is thrown on to the screen by conventional slide projections and MSDS has developed and patented techniques for merging the artillery activity with it.

For added realism the sounds of tank movements, enemy gunfire and shell bursts, the whine of shells overhead and the clatter of machine guns are also generated electronically.

Serck flushes out water to make way for oil

BY ELAINE WILLIAMS

FALLING ORDERS from water authorities for new effluent treatment systems have prompted a small British company to look at new ways of turning muck into money.

Serck Baker, part of the Serck group which used to serve primarily the needs of the water authorities, is pinning its hopes for the future on the oil industry. It is providing water treatment systems used to flush out oil from underground deposits.

Four years ago the company invested £250,000 to be spread over two years into its new ideas at a time when the company's turnover was barely £1m. The scheme was to develop lightweight filters for offshore oil rigs when every pound of weight adds thousands of pounds to the total cost of a production platform.

The success of its efforts is highlighted by the fact that out of the last ten orders for water filtering equipment placed by oil companies working in the North Sea, Serck Baker has won seven.

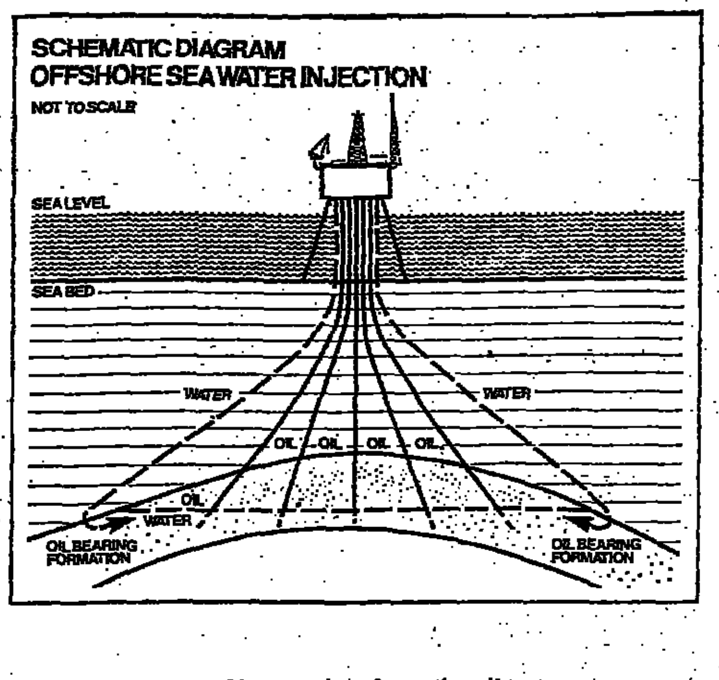
Serck Baker expects to achieve a turnover of £10m this year with a modest profit. Last year its sales jumped from £1.5m to £6m. John Macintosh, the company's marketing director, says that the company is at last becoming established: "We were a new company without any proven experience in the field. So we built three pilot plants which we put at the disposal of the oil producers."

This helped us win orders against established manufacturers, especially in the U.S., such as CE Natco and U.S. Filters." Now the company exports 70 to 80 per cent of its total production.

The company has estimated that oil companies throughout the world will spend more than US$110m on water injection and related equipment alone this year. By 1990, they believe that this could grow to nearly U.S.$900m. Already Serck Baker says the oil companies invest U.S.$1bn in systems to increase the yield of oil wells and this will grow to U.S.$4bn by the end of the decade.

Much of the available business is in the U.S., however, and for three years Serck has had offices in Houston, Texas. But last year it strengthened its U.S. position when it took over the U.S. company Baker.

Every new oil well coming into operation uses water filtering equipment to improve the yield. If water were not injected into the oil bearing (strata (which is rather like a sponge) only 10 to 20 per cent of the deposit could be recovered.



SCHEMATIC DIAGRAM OFFSHORE SEAWATER INJECTION NOT TO SCALE

Injecting water into the well increases the recovery to between 30 and 40 per cent as it helps maintain pressure to force the oil out.

However, simply pouring in untreated water could lead to clogging up the rock pores around the well with small particles which are suspended in the water.

Particles larger than 2 microns—a mere two thousandths of a millimetre—can build up and block the well within a year, according to Serck Baker. That means a new well hole has to be drilled at needless expense.

"We usually filter the sea water which varies dramatically in constitution throughout the world. It's a living thing and we have the difficult problem of trying to filter it out," says Mr. Macintosh.

The filter, which has to remove 95 per cent of all particles of 2 microns size or larger is essentially a simple design as it has to be operated and maintained by relatively unskilled people.

Mr. Macintosh said the filter at the heart of their systems is really a development of the old fashioned sand filter. It is simply a tube containing granules of sand of about the same size through which the untreated water is passed. The unwanted particles become trapped in the tiny spaces between the sand.

Serck Baker uses two different filtering materials, garnet and anthracite, which it says is half the weight and smaller than most competitive designs, yet gives equivalent efficiency.

Because of the increasing cost of drilling new wells, many of the oil companies are equipping their older wells with water injection systems where previously it was only marginally economic to do so. In the U.S. and the Middle East this has particularly been the case.

Serck Baker is providing the filtering equipment for the Ekofisk field in the North Sea, for example. As the first operating field there it had no original injection system for improving oil recovery. The filtering and pump system alone is estimated to be valued between £5m and £10m.

According to Serck Baker, there are several other closely related areas in the oil industry when it can apply its filtering techniques. These include the treatment of oily waste water produced by the oil industry to cut down pollution.

NEWS IN BRIEF

INSTRUMENTS

AN infra-red process analyser introduced by Telsec, PO Box-41, Peterborough PE2 (0733 235500) is designed primarily for use in industrial safety monitoring. Typical applications include the analysis of lower ignition limits on specific hydrocarbons, such as carbon dioxide in breweries and carbon monoxide or carbon dioxide in flue gas and caustic soda solutions. For very high sensitivity applications, Telsec makes an infra-red analyser with a standard Luft-type detector.

The analyser can be supplied mounted either on a single 19 in panel or in a sealed glass-fibre cabinet. There are four plug-in interchangeable functional modules. An infra-red source module, which is at the focal point of the transmitting mirror, contains a modulator driven by a synchronous motor through the centre of the mirror. The mirror focuses light down the sample and reference tubes towards the detector module, where dual-wavelength selection allows an immediate zero check or two-component working.

The detector module contains a solid-state pyro-electric detector. Radiation from the sample and reference beam passes through interference filters mounted on a solenoid-operated changeover plane. A small pump gives a flow of sample gas at 60 litres/hr.

IN THE OFFICE

THE FIRST of a new range of dictation machines, the 812 dictation and transcription unit, has been introduced by Philips Business Equipment. Part of the system 800 range, it is claimed to incorporate many advanced features and to be fully compatible with the existing Philips dictation equipment using the mini-cassette 2 with visual mark and find facilities.

The 812 is a dual-purpose unit, providing dictation or transcription at will depending on the accessories selected. A marked improvement is claimed in the quality of sound recording and reproduction to ensure accurate transcription. This has been achieved, says Philips, by fitting new microphones and loudspeakers in both the typist's headset and the main built-in speaker and, by removing unnecessary mechanical parts which affected reproduction.

On the hand-held microphone, which can be slotted into the top of the unit for conferences around the user's desk, a voice-activated light-emitting diode flashes to indicate the optimum recording level. A microprocessor carries out 160 performance checks per second on all the unit's performing functions. Electronic touch-pad buttons are fitted for on/off, fast rewind/forward and other control functions.

HAND TOOL

A PORTABLE electric tile saw designed to cut accurately all types of tile up to 44 mm thickness, with a diamond-edged rotating blade cooled by water from a pump immersed in a tank that forms part of the machine body, has been introduced by Errut Products, Staveley, Derbyshire (024647 3232).

Cutting is carried out as the table holding the tile moves under the shielded blade. The safety shield carries the water spray attachment. Maintenance is claimed to have been reduced to a minimum by fitting the cutter directly to the 1.5 hp shaft motor, thus eliminating belts and couplings. The machine measures 900 mm by 580 mm by 480 mm and weighs 40 kg without water.

COMPONENTS

A TYPE of industrial wheel designed to operate continuously, with minimum maintenance, in excessively damp environments for at least 20 years has been developed by HMC-Brauer (0908 74022). It claims that the wheel is completely protected against corrosion.

Wheels of this type are now being produced by HMC-Brauer in large numbers for carrying box-shaped filter-bed booms on iron rails at the Yorkshire Water Authority's new sewage plants. The double-flanged 406 mm diameter wheels have replaceable hard-wearing rims of Polypenco MonoCast nylon 6 with molybdenum disulphide filler. The treads are 57 mm wide. Axles, cast-iron hubs and all other exposed parts are treated with five coats of thixotropic paint.

To prevent the ingress of water and dirt, oil seals are fitted between each hub and axle. For easy running and long life, double taper roller bearings are used.

Push button control for fork-lift trucks

A MICROPROCESSOR unit designed to control all the hydraulic movements on a Komatsu counterbalance fork-lifts truck has been introduced by the Japanese company's UK concessionaires, Handling Analysis (0604 406711). Mounted near the driver's right hand, the system is operated by switches and press buttons on a compact console. It controls all the lifting, lowering, tilting and other functions that would otherwise be performed by him.

Nine different lift height levels can be pre-set at intervals as small as 10 mm while the load can be lifted or lowered to any of these heights by pressing the correct button, says Handling Analysis. When the required height has been selected it is shown on a liquid crystal digital display on the console, while the actual height is also presented as the load moves up or down.

The console also carries a lift/lower switch which enables the driver to select the most suitable speed for the load being handled. If required, there is a manual control override facility available during any stage of automatic operation.

Besides the microprocessor safety switch there is an emergency stop button for immediate engine shut-down. Apart from controlling the forward or reverse movements of the truck and steering it, the driver performs all materials-handling operations by pressing buttons or switches on the console under his right hand. Fatigue is reduced to a minimum and safety increased as a result, the company claims.

The computerised control of the hydraulic handling movements is also claimed to ensure accurate handling of the load and minimise the risk of damage to valuable items. It also permits a consistency and precision of truck and handling movements which, over a full working shift, make for higher productivity.

هكذا من الأصل

WORLD STOCK MARKETS

Wall St mixed at mid-session

AFTER MONDAY'S sharp setback, Wall Street failed to maintain a modestly firmer start yesterday and prices made a mixed showing at mid-session following moderate activity.

Investors were mainly awaiting further developments on the interest rates front, where rates have been turning upwards.

The Dow Jones Industrial Average, after losing 12.87 on Monday, was just a slight 0.18 harder at 994.42 at noon. The *NYSE All Common Index was a* net 3 cents easier at $77.26, while declines edged gains by a few issues. Trading volume was a moderate 25.66m shares, almost the same as the 25.99m registered at mid-day on Monday.

Citibank held its Prime Rate unchanged at 17 per cent yesterday morning, even though several big banks raised their broker loan rates on Monday. And the Federal Funds Rate declined somewhat after a sharp rise the previous day, which partly prompted Monday's stock market retreat.

Most price changes were fractional but some issues responded to favourable news. Squibb climbed 2½ to $34. The Food and Drug Administration has approved the use of the company's drug Capoten for treatment of high blood pressure in some patients. Volume leader American Telephone rose ⅛ to $52¼ *on news that it will be* allowed to raise some rates.

American Can, which last week announced plans to sell *some assets, jumped 2⅛ to $45,* but Texas International slipped 1⅛ to $40⅛ despite news of a Texas gas well.

Cummins Engine forecast record first-quarter profits and put on 1⅛ to $46⅛. Williams Cos. cut its reserve estimates and shed ⅛ to $35⅛.

THE AMERICAN SE Market Value Index was down 0.79 at 363.52 at noon. Volume 3.01m shares.

Canada

Markets continued to weaken in busy early trading. The Toronto Composite Index slipped 9.5 to 2,347.0 at mid-day, while Golds, up 52.0 *against the trend* on Monday, fell 101.5 to 4,337.8. Oil and Gas shed 33.9 to 4,540.5.

Oil stocks rose sharply last week on hopes for a new oil pricing agreement, but Alberta's Energy Minister said on Monday he was not optimistic about the outcome of talks set for next week.

Tokyo

Further active demand by foreign investors, domestic corporations and Trust Funds produced fresh sharp gains in large-capital issues yesterday. A number of other Blue Chips also gained more ground, although high-priced Light Electricals, Precision Instruments and Pharmaceuticals were mixed under pressure of profit-taking.

Trading was very heavy, reaching 780m shares, against Monday's 360m, while the Nikkei-Dow Jones Average added 10.62 to set another record high of 7,458.36 and the *Tokyo S.E. index climbed 1.57* to 538.71. However, this gave a false picture of the overall trend as declines narrowly led advances by 315 to 309 on the First Market section.

Among the large-capital shares, Nippon Steel rose Y9 to Y177, Kawasaki Steel Y7 to Y197, Nippon Kokan Y7 to Y171; Sumitomo Metal Y8 to Y221, Hitachi Y7 to Y446, Mitsubishi Electric Y6 to Y298, Hitachi *Shipbuilding Y3* to Y221 and Toshiba Y5 to Y336.

TDK Electronic put on Y50 to Y4,150 and Victor Y70 to Y3,070, *but Sony retreated Y80 to* Y3,820 and Minolta Y7 to Y808.

Non-Ferrous Metals were higher, still responding to the *tense Polish situation,* with Mitsubishi Metal up Y7 at Y200 and Mitsui Smelting Y5 firmer at Y125.

Synthetic Fibres, Machine *Manufacturers and Motors* mostly improved. Toray gained Y9 to Y313, Makino Milling Machine Y11 to Y841 and Honda Motor Y12 to Y700.

Australia

Oil Shale issues led the Oil and Gas sector in general in a sharp retreat yesterday, while Mining shares were modestly easier. Dealers reported a lack of fresh overseas demand but profit-taking by local traders, although Industrials were no worse than mixed.

The Australian All Ordinaries index receded 6.0 to 731.3, while the Oil and Gas index lost 36.8 *to 1,045.0 and Metals and* Minerals shed 6.8 to 648.5.

Monday's report of sharply higher development cost esti*mates due to technical and geo*logical problems at the Rundle oil shale project continued to heavily depress the two partners. Central Pacific *ended 90 cents* weaker at A$2.50 for a two-day fall of A$1.55, while Southern Pacific, down 60 cents on *Monday, ended 30 cents cheaper* at A$1.05, after sales as low as 85 cents.

Among other hard hit Oil *Shale issues, Esperance dropped* 57 cents to a price of 83 cents, Greenvale 20 cents to 85 cents and Mining Houses 41 cents to 51 cents.

In the Oil and Gas group, Ampol Exploration declined 30 cents to A$4.80 despite news of near-record gas flows from Wapet's Gorgon No. 1 well. Santos lost 90 cents to A$23.30, Strata Oil 30 cents to A$3.10 and Vamgas 30 cents to A$9.10.

A trading *highlight* was a sharp rise for Breweries concern Carlton and United, which opened at A$2.68 and rose to *A$3.30 before receding to* A$2.85, up 20 cents on the day. This prompted the Melbourne Stock Exchange to query the *rise, but the company's general* manager said he had no idea what was behind the increase. The company will hold a major stake in the proposed merger of *Elder Smith GM and Henry* Jones.

Germany

The market waited in vain for the foreign investors who have bolstered trading and prices in recent days, and shares ended predominantly easier after moderate turnover. The Commerzbank index declined 2.9 from Monday's 1981 high to close at 704.5.

Brokers said the rise in U.S. interest rates and the weakening West German Bond markets was dampening sentiment.

Deutsche Bank failed to benefit from its 1980 trading report of higher profits, ending at its low for the day of *DM 294, off* DM 1.50.

Public Authority Bonds recorded fresh falls ranging to *as much as* DM 1.15, notably on 10-year Government Bonds with 10 per cent coupons. Mark-denominated Eurobonds also continued a downtrend that began on Monday. Deutsche Bundesbank bought DM 18.1m *of public sector Bonds*

Hong Kong

The market reopened after the long holiday weekend in bearish mood, with prices generally falling in further quiet trading. The Hang Seng index weakened 28.98 to 1,380.08.

Sentiment was undermined by lower prices for local shares in London, the sharp retreat sustained by the Wall Street stock market overnight and news that a number of U.S. banks have raised their broker loan rates. Also, tension over Poland continued to push funds towards the Bullion markets.

Among the leaders, Cheung Kong lost HK$1.00 to HK$31.75 ahead of final results, expected after the market close.

Johannesburg

Most Gold shares declined in *moderate trading, reflecting the* falling Bullion price.

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SOUTH AFRICA

SWEDEN

GERMANY

JAPAN

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

NEW YORK ACTIVE STOCKS

Paul Cheeseright looks at an area where U.S. and foreign governments often clash

Anti-trust: law without boundaries

SHARP AND sometimes bitter opposition to the application abroad of U.S. anti-trust regulations *from governments in* Europe and the Commonwealth has struck a chord in the U.S. Congress, although not in the U.S. Department of Justice. The growth of this antagonism has become intermingled with a muted and specialised Washington debate about the effects of anti-trust law on U.S. exporters.

Senator Charles Mathias, a Republican from Maryland, is seeking to have a commission established which would examine the application of anti-trust law, including its impact on foreign governments and foreign interests. There are, explained a member of his staff, perceived inadequacies about the present application of anti-trust and the commission could see whether they are justified.

If a commission is set up, its findings might in the course of time lead to legislative change, but, in the past, there has been little change from administration to administration in the enforcement of the anti-trust laws, testifying to their central role in the U.S. system.

Anti-trust, indeed, has been part of U.S. economic life since the Sherman Act of 1890. Since then, the basic idea has been refined by other legislation and a string of court decisions. "The anti-trust laws are the most important single tool for preserving competition in our economy, and have been characterised by the Supreme Court as the 'Magna Carta' of the free enterprise system," noted *Mr. Charles Stark, chief of the* foreign commerce section at the Justice Department's anti-trust division.

The aim of the laws is to keep the U.S. economy unfettered by restraints so that the consumer will receive goods at the lowest price consistent with business *efficiency. The problem* for those outside the U.S. is the claim which broadly states that any action outside the U.S. which has a bearing on U.S. commerce is subject to the application of the laws.

Foreign governments, however, are usually responsible for smaller and more vulnerable economies than that of the U.S. They do not have the same view as that traditionally espoused in the U.S. about what constitutes free competition. They do not necessarily accept that free competition in all circumstances is morally good. Rather, they tend to see the setting of the degree of competition as a matter of public policy which needs adjusting according to circumstances.

In the U.S., on the other hand, "there is a strong moral aspect to anti-trust: price-fixing is a heinous crime," as one independent Washington lawyer put it. This results *in a mechanistic* approach to anti-trust investigations which should take place regardless of the sensitivities of those outside the U.S. who might become involved.

With such a fundamental difference of approach, clashes are hardly surprising. When the U.S. Justice Department responded to complaints about the Australia-New Zealand-U.S. shipping conferences and mounted an investigation, it was doing precisely what it should have been doing according to the application of U.S. law. But it aroused the antagonism of the Australian Government, not only because it was tardy in notifying it of the investigation, but also because the Australian Government felt it was quite capable of regulating its own foreign commerce.

The Australian Government *could properly claim, according to its own lights,* that its sovereignty had been infringed: if the U.S. Government had any complaint about how the Australian export effort was being directed, then the matter should have been referred to it at diplomatic level.

But this sort of incident does more than arouse fears among foreign governments that their independence is threatened by the application of U.S. anti-trust laws. It also arouses resentment in the Justice Department that foreign governments are not prepared to help it to act in support of an absolute principle — free competition.

There seems to be, in short, mutual incomprehension. In the latest wide-ranging explanation of U.S. anti-trust law application outside the U.S., Mr. Joel Davidow, director of policy planning at the Justice Department's anti-trust division, implied that the rest of the world is in debt to the U.S.

"There can be no doubt that the U.S., notwithstanding certain aberrational proclivities it shares with many other nations, has led the world in adherence to the OECD and UN resolutions on the control of restrictive business practices. . . . The U.S. is certainly the world leader not only in enforcement activities but also in co-operation, consultation and the exchange of information," he said.

There is, however, a further difficulty for foreign governments. While it may be possible to reach agreement with the U.S. on the resolution of specific anti-trust issues, this is not possible where private U.S. *interests are involved.* "The U.S. remains one of the few countries with a private right of action for injuries flowing from anti-trust violations. Our nation is also the only one that has the special incentive of treble damages," observed Mr. John Shenefield, Associate Attorney-General during the Carter years.

Treble damages involve taking the amount of injury (or the level of compensation which would be due under British law) and multiplying by three—a practice which is anathema to the British authorities and which has been countered by the Protection of Trading Interests Act 1980.

Private actions in the U.S. may become increasingly important in the framing of public policy outside the U.S., towards anti-trust. In the first place there are many more such actions. Mr. Shenefield said that the number in the U.S. (most of which would have been purely domestic in scope) had risen from fewer than 300 in 1960 to 1,457 in the year to last June.

Second, the private action brought by Westinghouse Electric against U.S. and international uranium producers, including members of the Rio Tinto-Zinc group of London, alleging the existence of a cartel, has been, more than any other single action, the catalyst *for foreign action against the* application abroad of U.S. anti-trust laws.

From the point of view of foreign governments, not only was there objection to the Westinghouse claim for treble damages, which could have run over $3bn, but the cartel, whose existence is no longer the subject of dispute, was established with governmental connivance precisely because the U.S. had placed an import embargo on uranium. The case now seems unlikely to be brought to trial at the scheduled date in September.

Partly to ease the strain involved by private companies clashing with public interests overseas, the U.S. authorities have been making some play of court judgments which empower U.S. courts to engage in "balancing"—that is, balancing the diplomatic factors against the details of the case in dispute. Since 1978, foreign governments have been encouraged to contact U.S. courts directly and state their position in "amicus curiae" briefs.

But the fact remains that foreign governments are not necessarily prepared to place their interests at the mercy of U.S. courts. In the European and Commonwealth view, courts adjudicate, they do not define policy.

Thus, to safeguard their interests and protect their com*panies, countries such as the* UK, Australia, Canada, New Zealand and France have passed legislation to block, in various ways, the passage of evidence and the appearance of witnesses at U.S. courts and official investigations. So far the UK Protection of Trading Interests Act has been used only once. And Commonwealth law *ministers have passed a resolution* expressing concern about the expansion of U.S. anti-trust.

It is a measure of the division between the U.S. and such major trading partners that the effect of such blocking statutes has been to create bitterness among the enforcement authorities in the U.S. "The blocking statutes must be acknowledged by any disinterested observer to be truly regrettable legislation, injurious to everyone and every interest affected by them, including those they are designed to protect," claimed Mr. Davidow.

With each side feeling that the other should put its own house in order, no early resolution of the difficulties seems likely. Where the Reagan Administration stands on the issues is not clear, and Justice Department officials observe *that Mr. William Baxter of Stanford University,* nominated by President Reagan as the new chief of the anti-trust division, has not written on international law.

Washington lawyers think that the Administration may be more "laid back" in its attitude than its predecessors and cite the partially successful attempt to clip the wings of the Federal Trade Commission, which works in parallel with the Justice Department in the enforcement of anti-trust. But it is not obvious that any change in internal attitudes will spill over into external applications.

Possibly Senator Mathias's *commission, if constituted,* may offer suggestions, notably on the appropriateness of treble damage judgments when the anti-trust laws are being applied to foreign companies or events *overseas. But, it is suggested* in Washington, there may be fundamental difficulties in devising one set of laws for U.S. companies and another for foreign interests. The putative commission, in any case, may concentrate most of its efforts on the domestic effects of anti-trust.

The Justice Department meanwhile appears to be pinning its hopes on a gradual international harmonisation of laws and practices based on the coalescence of free enterprise principles, although it has *apparently ruled out some form* of international arbitration system as impractical.

"When the undesirability of encouraging or allowing cartelisation among private firms is fully accepted internationally, and when, heeding the admonition of Woodrow Wilson, 'secret covenants secretly arrived at,' are avoided, much of the need for the most controversial international application of anti-trust laws will have been obviated," said Mr. Davidow. In the near future, though, foreign governments simply want the *U.S. to restrict its own laws to* its own territory.

"The assertion of extraterritorial jurisdiction in anti-trust matters represents an extension of the economic policy of one state which is likely to conflict with that of other states"—Mr. Sam Silkin, Attorney-General, October 1977.

"By informal estimate there have been five diplomatic protests at U.S. anti-trust cases for every instance of express diplomatic support, and three blocking statutes for every co-operation agreement"—Mr. Joel Davidow, March 1981.

APPOINTMENTS

New director at Stone-Platt

Mr. J. M. Williams has been appointed to the Board of STONE-PLATT INDUSTRIES. Mr. Williams is chairman of Newman Industries and a former managing director of BOC International.

★

Mr. John H. Murray will join STEWART FUND MANAGERS as an executive director on July 1, with particular responsibility for investment in unquoted companies. Mr. Murray is chairman of Twinlock and a director of Welbeck Finance, Wholesale Vehicle Finance and the Mollart Engineering Company.

★

"Miss World" organiser Mrs. *Julia Morley, has been appointed* to the Board of BELHAVEN BREWERY, which is headed by her husband, Mr. Eric Morley, former chairman of Mecca. Earlier this month, Belhaven bought a two-third interest in the Miss World company—in a deal worth £600,000. The remaining third of the company still belongs to Mr. Morley.

★

Mr. Jeremy Hardie has been appointed deputy chairman of ALEXANDERS DISCOUNT COMPANY. Mr. Hardie is a partner in Dixon Wilson and Co., a deputy chairman of the Mono*polies and* Mergers Commission and chairman of National Provident Institution.

★

Sir Ian Morrow has become president of the INSTITUTE OF CHARTERED ACCOUNTANTS OF SCOTLAND, succeeding Mr. David Bruce. Mr. J. E. Boyd *and Professor John Calman Shaw* are vice-presidents and Mr. A. R. Cole-Hamilton, Mr. I. D. Mackenzie and Mr. R. Lindsay Sim have been made members.

★

Sir John Wordie has been elected president of the BURMAH SHAREHOLDERS *ACTION GROUP in* succession to the late Mr. John Rankin.

★

Mr. Mike Butler has been appointed managing director, JCB MATERIALS HANDLING. He was previously marketing director, JCB sales.

★

Mr. P. J. Agg, Mr. H. G. Cressman, Mr. P. M. Keane and Mr. A. J. Trenaman have been appointed to the Board of HERON CORPORATION. Mr. Agg is chairman of Heron Suzuki GB; Mr. Cressman managing director, Heron Motor Group; Mr. Keane is *responsible* for corporate finance, and Mr. Trenaman, director and general manager of the National Insurance and Guarantee Corporation, Heron's insurance subsidiary. Mr. Jeffrey Cohen, managing director of Heron Service Stations, Mr. Frank McCraffey, *managing* director of Heron Developments France SA, and Mr. Lee Taylor, managing director of Ingersoll Group, become associate directors.

★

Dr. John Ginarlis will be joining the partnership of QUILTER HILTON GOODISON AND COMPANY, *stockbrokers,* on April 13.

THAMES INVESTMENT AND SECURITIES has appointed **Mr. John Killip**, chairman of the Association of Industrial Development Officers, as a consultant to the company.

★

Mr. George Carruthers, at present member for personnel services, has been appointed deputy chief executive of the NATIONAL BUS COMPANY. **Mr. Irwin Dalton**, director of NBC's South East region, has been made a full-time member of the company and he will become member for personnel services from May 1. His Board appointment is until December 31, 1984. **Mr. Derek Fytche**, managing director of NBC subsidiary London Country Bus Services will take up the position of regional director in the South East region on May 1 and joins the Board of NBC Management.

★

Mr. Dennis F. McDonald has been appointed an executive director of the London office of RUSSELL REYNOLDS ASSOCIATES.

★

Mr. R. E. Weeks and **Mr. W. R. Bentley** have joined the Board of GRANTS OF ST. JAMES'S. Mr. Weeks is managing director of Grants Wine and Spirit Merchants and Mr. Bentley is managing director of Grants of St. James's Services.

★

Mr. Norman Peterson is to be actuary to the REFUGE ASSURANCE COMPANY from June 13 to succeed **Mr. J. S. Gee**, who is retiring.

★

Dr. P. J. K. Webster has been *appointed director of finance for* the DOVER HARBOUR BOARD. He has been director of finance at the National Ports Council since 1964.

★

Mr. Adrian R. Weston has been appointed a non-executive director of BURGESS PRODUCTS *COMPANY (HOLDINGS),* from May 1.

★

Mr. Richard Porter has been appointed a director of REED STENHOUSE MARKETING.

★

Mr. R. J. Shahaney has been appointed to the Board of LEYLAND GROUP, UK, which is responsible for BL commercial vehicle operations. He continues as chairman and managing director of Ashok Leyland.

★

Mr. Ewan Brown, of Noble Grossart, has been appointed a non-executive director of GILMOUR AND DEAN HOLDINGS.

★

Mr. Peter G. Edwards has been appointed north-east regional director of M. J. H. NIGHTINGALE AND CO. He is chairman of Lake and Elliot and is a director of Hunting Petroleum Services.

★

Mr. F. D. Homfray and **Mr. A. Redfearn** have been appointed joint managing directors of UNITED PACKAGING INDUSTRIES (UK).

★

Mr. Michael J. Rock has been appointed commercial director of SAFT (UK), part of the French CGE Group.

Farmers seek further milk-price rise

BY RICHARD MOONEY

BRITISH farmers will be seeking a further rise in the retail milk price soon. Mr. Richard Butler, president of the National Farmers' Union, said in London yesterday the 9 per cent EEC support price increase agreed in Brussels last week would yield only a 4 per cent increase for British dairy producers.

"We will be looking for better returns from the liquid milk market at the earliest opportunity," he said.

The support price increase affected only manufacturing milk, he explained, while half Britain's production went to the liquid market. That meant the rise was worth only 4½ per cent to British dairy farmers who would lose another ½ per cent through the increase agreed in the EEC levy imposed to discourage over-production.

Mr. Butler did not say how big an increase the union would be seeking. The last price rise was in January when the cost of a pint rose 1½p to 18½p. That took the rise over the preceding 12 months to 23.3 per cent.

The NFU chief welcomed this year's early settlement on EEC farm prices which he said was a real benefit to British livestock producers. But he said the overall effect of the agreement would be a continuation of the decline in real incomes for the fifth year in succession.

He noted that the increases, which averaged 9.5 per cent, would be worth only 8.6 per cent to the UK farming industry because of its particular product spread. This fell well short of last year's 14 per cent rise in input costs.

"We certainly haven't done as well as the French," Mr. Butler declared. Thanks to a Green Franc revaluation their price rise had been boosted to 12 per cent matching their 1980 cost rise, he said.

Mr. Peter Walker, the UK Agriculture Minister, denied yesterday that his statement that last week's Brussels price deal would have a minimal effect on British retail food prices was contradicted in evidence given by his Ministry to a House of Lords committee.

In figures prepared for the committee the Ministry estimated the original EEC Commission price proposal, averaging 7.8 per cent, would add 7p a lb to the butter price, 5½p a lb to cheese, 2½p a kilo to sugar, 2p a lb to bacon, 5p a lb to beef and ½p to a standard loaf. The estimates were published in a committee report this week.

On his return from Brussels, Mr. Walker *dismissed unofficial* estimates that as a result of the 9.5 per cent deal butter would go up 6½p a lb, cheese 7p, bacon 4-6p, beef 5p, sugar 2p a kilo and bread 1p a loaf as "totally wrong."

But the Minister said yesterday: "There are no discrepancies whatever between the evidence my Department gave and the statements I have made on food prices."

The Ministry figures on butter, cheese and sugar price rises were based on the fullest impact of the proposed changes, he said. "In reality there is strong competition for shares of the British butter and cheese markets which will moderate the effect on consumers."

The forecast rise for beef had been eliminated by the continuation of the beef premium scheme which the Commission had proposed to scrap, he said. Bacon was unlikely to rise more than about 2p a lb because there was no firm intervention regime, he added.

The NFU puts likely retail price rises eventually resulting from the deal at about 7p a lb for butter, 6.5p a lb for cheese, nil for beef and lamb, nil to 6p a lb for bacon, about 1p a lb for sugar and ½p for bread.

● Tory MPs have belatedly rallied behind Mr. Walker in support of his negotiating performance in Brussels. *About* 100 have put down an amendment to a motion by back-bench anti-market Tory, Mr. Tony Marlow, calling for his resignation, congratulating the Minister on securing a "balanced agreement."

Consumers reject cocoa compromise

CONSUMER MEMBERS of the International Cocoa Organisation (ICCO) council meeting in London have agreed that no approach should be made to the Ivory Coast regarding its proposal for setting up a group to study the price range agreed for the new international cocoa agreement.

The Ivory Coast has refused to join the pact because it thinks the *110 cents a pound* floor price is too low.

After studying a paper on the subject circulated by ICCO executive director Kwesi Hackman, in which he called for the setting up of an informal study group, the consumers decided the present council is not legally empowered to make any response to the Ivory Coast proposal.

In any case they thought the council should not respond since the Ivory Coast might still decide not to join the agreement. Some felt it was up to the producers to persuade the Ivory Coast to join and the possibility of studying the price range could then be tackled after the agreement came into force.

Reports of better weather in Brazil encouraged a decline *in nearby cocoa values yesterday.* On the London futures market the July position ended the day £13 down at £959.5 a tonne. Reuter.

Gas oil trading remains brisk

By John Edwards,

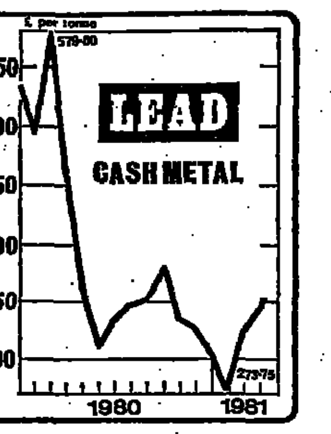
TRADING INTEREST in the new London gas oil futures market was maintained at a high level yesterday — its second day of operation. Turnover totalled 941 lots of 100 tonnes, and included a much smaller proportion of "crossed" trades between dealers establishing positions than the first day's turnover of 1,800 lots.

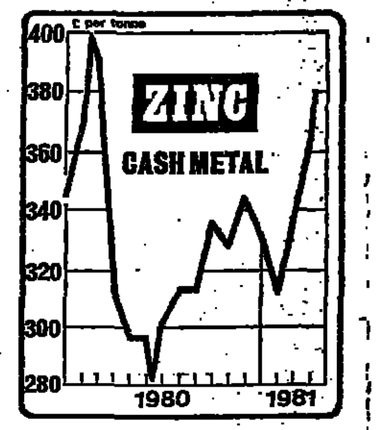
One leading trader described the market performance as "fantastic," not only in the number of lots traded but also the way that prices had moved dramatically to reflect different views over Kuwait's reported decision to stop loading. The June posi*tion opened at $307 a tonne* and then fell to close at a low of $299.75. Report and prices below.

MARKET PROFILE: LEAD AND ZINC

Sister metals climb out of recession

BY ROY HODSON





TRADERS as well as onlookers have been puzzled by the strength of many metals prices in recent weeks. In particular the sister metals lead and zinc have been rising in price with a style and verve which is at odds with the slump in industrial demand for both metals during the past year because of world economic recession.

By this week, zinc had reached a 13-month high on the London Metal Exchange with plenty of buyers about. Lead prices, although performing less spectacularly, were also climbing.

In part the rises can be explained by easily identifiable factors such as some cutbacks at the mines which have led to shortages of zinc concentrates (although no shortage of the metal itself), assessments of the likely impact upon world production of reduced investment programmes at a number of mines, and strikes recently at production facilities in Australia and the U.S.

But the real reason for the buoyancy of the two metals, together with some other base metals, lies deeper. It appears to be *the market* response to an abnormally long period of more than two years during which inventories held by producers, merchants, stockists, and industrial users have been continuously reduced because of recession and high interest rates.

The bad trading conditions have been prolonged beyond the previous experience of most people engaged in the metals business. The outcome has been such a vigorous scaling-down of stocks (the oil that lubricates the machinery of a trade in normal times) that working stock surpluses have all but vanished.

Few people in lead and zinc trading have much to sell. That is why a political scare (such as that in Poland) or a producer strike (St Joe Minerals in *Missouri) is sufficient to pro*voke price raises. In the particular case of the London market there are stocks of some 88,000 tonnes of zinc and some 50,000 tonnes of lead in the LME warehouses. But large quantities of it are not readily available for sale as they are held by companies with forward investment programmes for the metals.

The effects of the economic recession upon materials consumption have been well charted. What is less obvious, but nonetheles important in the cases of lead and zinc, is the loss of scrap metals supplies because of lower industrial production.

Supplies of good scrap have dwindled as industrial production has fallen. Low prices for the metals during 1980 exacerbated the problem. The collection of some forms of scrap has become uneconomic.

For instance, garages have found it difficult to dispose of old car batteries which traditionally were eagerly recovered by the scrap trade for their lead content.

Lead and zinc consumption fell steeply in the U.S. last year but remained steady in most other countries. Now some recovery is forecast in the U.S. market but demand is weakening in other parts of the world.

The interpretation of the International Lead and Zinc Study Group which met in *London last* week *is that lead* consumption will rise overall this year by about 3 per cent to 3.9m tonnes. But lead stocks are expected to remain low.

Zinc consumption is expected to remain at about the level of 4.5m tonnes of last year. However the group believes that forecast rises in metal production (mainly in Canada, Peru, Spain, the U.S. and Brazil) might prove difficult to achieve.

The group expects the Comecon nations to continue to be substantial importers of both lead and zinc.

On the LME, cash zinc is being traded at round £380 a tonne and cash lead at round *£350 a tonne this week*. The view of one big trader is that if present economic conditions continue zinc could reach £420 a tonne and lead £400 a tonne in the next three months as the sequence of modest price rises persists.

● *Zinc prices defied the general* downward trend on the London Metal Exchange yesterday and closed marginally higher after another active day's trading. The upward movement was encouraged by news that another leading producer, Electrolytic Zinc of Australia, had lifted its European price by $50 to $875 a tonne—in line with the increases announced by other producers. It is felt there will be considerable pressure on the custom smelters in Europe to lift their prices.

Lead price increases in the U.S. of 2 cents to 38 *cents* a pound were announced yesterday by St. Joe Minerals and Cominco.

Pakistani abattoir in Wales

By Robin Reeves

A PAKISTAN-OWNED meat company has applied for planning permission to build a big new abattoir and meat processing plant on the Isle of Anglesey, in North Wales.

The project, expected to cost around £5m, is being put forward by Halal Meat Packers, which already has a large plant at Ballyhounis, Co. Mayo, Ireland, exporting to both Europe and the Middle East, and offices in Paris as well as Pakistan.

The abattoir would be built on a 40-acre site near Llangefni on the A5 trunk road, with a capacity to slaughter 5,000 sheep and 1,000 cattle a week. Given permission by the local council, building work is expected to start in August. The project will eventually provide some 300 jobs.

Future plans, for which Halal is seeking outline permission, include an expansion into processed meat products.

At present, Anglesey's nearest abattoir is an FMC facility Caernarfon, across the Menai Straits, but a large proportion of the local fatstock is exported live into England.

Malaysian tin mining resumes after safety checks

BY WONG SULONG IN KUALA LUMPUR

MOST OF Malaysia's 700 gravel pump mines, which were ordered to stop "productive operations" last Friday, have been given official permission to resume mining.

The "stop productive operations" order was made by the Primary Industry Ministry to allow mine inspectors to check the safety precautions at the gravel pump mines following three landslides which took the lives of 27 miners in the past fortnight.

The gravel pump mines account for 55 per cent of Malaysia's tin output. Dredges are not affected by the order, although they have been told to improve safety measures too.

In the northern region (covering the states of Peraka, Kedah and Perlis), 350 of the 500 gravel mines have been given official sanction to resume production, while in the southern region (covering Selangor, Negeri Sembilan, Pahang and Johore), 88 of the 200 mines have been allowed to do so.

Primary Industry officials say the work of classifying gravel mines in categories according to the degree of safety would be completed by the end of the month. Only a few mines are expected to close down permanently because of the lack of safety precautions. The rest should be allowed to resume operations once they make their mines safe, principally by lowering the overburden above the mines.

The officials say the current inspection is expected to have only a minor impact on production, which should show up in offerings to the smelters at the end of the month.

Our Commodities Staff writes: Tin prices were easier on the London Metal Exchange yesterday, but this was in line with a general decline in base metal prices following the fall in gold, lessening of tension about Poland, and the firmer tone in sterling. Copper cash wirebars, for example, lost £15.5 to £840.5 a tonne. In North America, Noranda cut its U.S. copper selling price by 2 cents to 88 cents a pound.

Botswana beef plea

Negotiations to allow the resumption of Botswana beef exports to the Common Market are to be intensified, Mr. R. S. Meswele, Botswana Minister of Agriculture, said yestreday.

Mr. Meswele said that in spite of all the expense and effort his country had put into making *sure that no animals affected* with foot-and-mouth disease were ever exported, talks with EEC officials had made little progress. It had, therefore, been decided to take them to a higher levels and he would be going immediately to Brussels.

The Minister pointed out that 80 per cent of the population in Botswana relied on cattle to provide the necessities of life, but since such a large pro*portion of their output* was exported they were very much at the mercy of importing countries.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground as the latest developments concerning the situation in Poland prompted a decline in gold and other metals. Forward metal opened around £872 but gradually fell away to £861 before recovering modestly to close the late kerb at £864. Turnover: 17,750 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	844-.5	—17	840-1	—15.5
3 months	865-.5	—16.5	861-2	—15¾
Settlem't	844.5	—17	—	......
Cathodes				
Cash	837-.5	—16.5	833.5-4.5	—14
3 months	852-.5	—18.2	848-.5	—18½
Settlem'	837.5	—17	—	......
S. Prod	—		*87-92	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £845, 44, three months £866, 67, 67.5, 67, 66.5, 66, 65, 66, 65.5. Cathodes, cash, three months £852. Kerb: Wirebars, three months £866, 64. Afternoon: Wirebars, three months £862, 61, 60.5, 61, 61.5, 62, 61, 62, 61.5, 61, 61.5. Kerb: Wirebars, three *months £861, 62, 62.5, 63, 63.5, 63,* 62.5, 65.

TIN—Easier in quiet trading with forward metal dipping to close the late kerb at £6,355 following the decline at Penang. Turnover: 845 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6298-305	—5	6270-80	—48
3 months	6350-5	—16	6355-60	—22.5
Settlem't	6305	—5	—	......
Standard				
Cash	6295-305	—5	6270-80	—40
3 months	6350-5	—16	6355-60	—22.5
Settlem't	6305	—5	—	......
Straits E.	$431.01	—0.25	—	......
New York	—	......		

Morning: Standard, cash £6,290, *three months* £6,360, 50. Kerb: Standard, three months £6,360, 65. Afternoon: Standard, three months £6,355, 50. Kerb: *Standard, three* months £6,350.

LEAD—Lost ground following the fall in copper and gold and the firmer trend in sterling. Three months fell to £349 in the morning rings but staged a minor recovery to close the late kerb at £354. Turnover: 14,100 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	346-.5	—7.25	348-9	—3
3 months	353.5-4	—4.5	353.5-4	—5.75
S'ment	346.5	—7.5	—	......
U.S. Spot	—	......	*36	......

Morning: Cash £347, 46, three months £349, 50, 51, 52, 53, 54, 53, 53.5. Kerb: Three months £353. *Afternoon:* Three months £352, 51, 51.5, 51, 52, 53, 52.5, 53, 53.5. Kerb: Three months £353, 54, 54.5, 55.

ZINC—Marginally firmer in active trading with forward metal moving ahead to £394 on news that EZ have followed other producers and lifted their European price to $875. Thereafter the market moved narrowly, with three months closing the late kerb at £390.5. Turnover: 5,825 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	383.5-4	+7.25	381-2	+1
3 months	392.25-.75	+7.25	389.5-1	+1
S'ment	384	+7	—	......
Primw'ts	—	......	*43.5	......

Morning: Cash £384, three months £391, 90, 90.5, 91, 91.5, 92, 92.5. Kerb: Three months £391.5, 91. Afternoon: Three months £391, 90, 92, 91. Kerb: Three months £390.5, 90.

ALUMINIUM—Little changed although the rise in sterling saw forward metal drift to close the late kerb at £652. Turnover: 6,750 tonnes.

Morning: Three months £655, 55.5, 55, 54.5. Kerb: Three months £655.5, 56, 57. Afternoon: Three months £654, 53, 52, 52.5. Kerb: Three months £653, 52.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	646-7	—6.25	643-4	—7
3 months	655.5-6	—7.5	553-4	—6.75

NICKEL—Gained ground owing to light, fresh buying which triggered stop-loss buying despite the rise in sterling. Forward metal eased to £2,900 on the early pre-market but subsequently staged a good rally and touched £2,940 on the morning before easing in the afternoon to close the kerb at £2,912.5. Selling of cash metal narrowed the contango to around £25. Turnover: 414 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2855-90	+6	2890-900	+7.5
3 months	2915-20	+38	2895-900	+20

Morning: Cash £2,890, three months £2,900, 10, 15. Kerb: Three months £2,925, 30, 35. Afternoon: Three months £2,915, 10.

* Cents per pound. ‡ MS per kilo. † On previous unofficial close.

SILVER

Silver was fixed 18.3p an ounce lower for spot delivery in the London bullion market yesterday at 549.4p. U.S. equivalents of the fixing levels were: spot $11.96, down 37c; three-month $12.426, down 36.1c; six-month $12.885, down 34.2c; and 12-month $13.839, down 30.6c. The metal opened at 555p-562p ($12.10-$12.25) and closed at 538p-545p ($11.75-$11.95).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	549.40p	—18.3	541.5p	—25
3 months	565.60p	—18.9	557.5p	—26
6 months	581.10p	—19	—	......
12months	617.30p	—17.8	—	......

LME—Turnover: 89 (86) lots of 10,000 ozs. Morning, three months 569, 67, 66, 66.5. Kerbs: Three months 565.5. Afternoon: Three months 558, 57. Kerbs: Three months 556, 58, 59, 59.5, 59.

COCOA

During a quiet morning session futures remained steady as some continental offtake reappeared but they later eased on a stronger sterling for prices to close at the lows with losses of £15. Commission houses became more aggressive sellers as New York futures touched stop-loss selling orders, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
May	953-954	—8.0	942-930
July	959-960	—13.0	971-958
Sept.	977-978	—14.0	990-978
Dec.	999-1000	—14.0	1012-999
March	1020-1021	—14.0	1032-020
May	1037-1039	—13.5	1049-040
July	1052-1059	—12.5	—

Sales: 2,202 (1,710) lots of 10 tonnes.

ICCO Futures—Daily price for April 6: 95.56 (96.24); five-day average 95.99 (95.88).

COFFEE

In mixed activity values tended to ease, reports Drexel Burnham Lambert. No fresh features emerged during a quiet afternoon, but prices continued to weaken on trade selling while currency factors were an added depressant.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1056-57	—19.0	1068-53
July	1054-55	—16.0	1064-54
Sept.	1053-54	—12.0	1061-52
Nov	1050-53	—11.5	1059-51
Jan	1051-54	—10.0	1060-54
March	1045-57	—11.5	1059
May	1045-55	—8.0	—

Sales: 1,588 (1,971) lots of 5 tonnes.

ICO indicator prices for April 6: (U.S. cents per pound): Other Mild *Arabicas 126.50 (126.50); Robustas* ICA 1976 114.25 (115.00); ICA 1968 114.50 (115.25). Unwashed Arabicas 218.50 (same). Comp. daily ICA 1968 unquoted.

GRAINS

Old crop wheat opened 10p lower. Values increased 40p in quiet trade and eased back slightly before lunch. Aggressive commercial and shipper *buyers rallied the market* in the afternoon. May barley opened 10p up and after initial interest traded 30p higher but steady selling pressure eased values back to close 10p higher on the day. New crop wheat saw steady support and closed steady 30p higher, barley values closed 5-15p higher, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
May	116.95	+0.95	99.60	+0.10
July	118.95	+0.50	—	......
Sep	101.05	+0.40	95.70	+0.10
Nov	104.65	+0.30	99.50	+0.05
Jan	108.55	+0.30	102.85	+0.05
Mar	112.35	+0.30	106.45	+0.15

Business done—Wheat: May 116.95-*116.00, July 118.95-118.45, Sept. 101.15*-100.95, Nov. 104.65-104.55, Jan. 108.55-108.50, March 112.40-112.30. *Sales:* 182 lots of 100 tonnes. Barley: May 99.80-99.55, Sept. 95.70 one trade, *Nov.* 99.40-99.30, Jan. *no* trades, March 106.45 one trade. Sales: 117 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Hard Winter, 13½ per cent, April 106, May 105.75, June 104.50 transhipment East Coast sellers. English feed fob April 118, May 119.25 East Coast *sellers.* Maize: French April 125.00 transhipment East Coast sellers. South African Yellow April/May 85.50 sellers. Barley: English Feed fob May 104, Aug. 96 sellers East Coast, April 102.50 paid. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. East 114.10, N. West 114.00. Feed barley: S. East 97.60, S. West 98.50, W. Midlands 97.90, N. West 99.90. The UK *Monetary* Coefficient for the week beginning Monday, April 13 (based on HGCA calculations using five days exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened easier, with little interest at lower levels, closing quiet. Lewis and Peat reported an fob April price for No. 1 RSS in *Kuala Lumpur of 258.5 (261.0)* cents a kg and SMR 20 at 239.5 (245.5).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
May	52.40-55.00	54.50-54.70	—
June	55.40-54.80	55.50-56.10	—
Jly-Sept	58.00-56.10	57.90-58.00	57.90-55.60
Oct-Dec	59.20-59.30	60.80-60.90	60.90-59.70
Jan-Mar	62.20-62.30	63.70-63.80	65.00-61.50
Apl-Jne	65.10-65.20	66.60-66.80	65.50-64.30
Jly-Sept	67.70-67.90	69.40-69.70	67.30
Oct-Dec	70.80-71.00	72.50-72.60	71.00-70.80
Jan-Mar	73.80-73.90	75.50-75.40	75.50

Sales: 470 (331) at 15 tonnes, nil (same) at 5 tonnes. Physical closing prices (buyer) were: Spot 51.50p (53.00p). May 55.00p (56.50p). June 55.50p (57.00p).

GAS OIL FUTURES

The market opened very steady and traded at highs with good Commission House buying, but with weaker gold, easing of political tensions, and a weaker New York opening it touched off some stop loss selling, and closed on its lows, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
June	299.75	—4.75	307.00-00.00
July	304.25	—3.25	310.00-04.00
August	309.25	—3.25	315.50-08.00
September	315.12	—0.88	319.50-15.00
October	321.25	—2.00	324.50-21.05
November	326.75	......	357.00-27.00
December	332.37	+0.37	335.50-32.25
January	336.62	+1.62	340.00-36.20
February	340.50	......	—

Turnover: 941 (1,807) lots of 100 tonnes each.

SOYABEAN MEAL

The London market opened slightly easier on profit-taking, reports T. G. Roddick. Prices found fresh Commission House buying following easing of Polish situation and continued talk of dry weather conditions in U.S. growing areas. Afternoon session saw stop-loss buying and trade short covering pushed prices higher to close with gains of £1.50-£2.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
April	128.50-30.0	+1.00	130.10-28.00
June	130.80-31.0	+1.70	131.00-28.50
August	134.00-34.5	+1.20	134.50-32.40
October	136.00-36.5	+1.00	136.50-35.50
December	137.50-37.9	+1.20	137.00
February	136.50-40.0	+1.75	—
April	140.00-42.5	+1.75	—

Sales: 128 (142) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE — Raw sugar £212.00 (£218.00) a tonne cif April-May shipments. White sugar daily price £227.00 (£234.00).

Opening trades were some £2-£3 *below kerb quotations as sellers* pressed further losses of some £4 were *were recorded. Later, however, after* New ork opened better than anticipated prices recovered to around first traded levels, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
May	212.50-13.00	218.75-19.00	221.75-08.50
Aug.	211.75-12.00	218.00-17.00	219.50-08.50
Oct.	211.75-12.00	216.60-17.00	219.00-08.75
Jan.	209.75-10.00	214.00-14.50	218.00-09.50
March	208.55-08.75	215.50-14.00	216.50-08.75
May	209.00-09.75	215.50-14.00	210.00-08.00
Aug	209.75-10.00	214.00-15.00	—

Sales: 9,670 (6,152) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was 342.6 (same) a tonne for home trade and £287.50 (£296.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for April 6: Daily price 19.37 (20.17): 15-day average 21.60 (21.71).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 75 tonnes, bringing the total for the week so far to 143 tonnes. Limited dealings resulted in a minor offtake, as prices continued to fall gradually. The average cost of the raw material was below 90 cents per pound for the first time since last July. Interest was confined to small quantities of American-type varieties.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg). May 484.0, 485.0, 488.0-485.0; July 487.5, 488.0, 489.0-487.5; Oct. 482.0, 485.0, 484.0-483.0; Dec. 485.5, 488.0, 488.0-487.0; March 494.0, 496.0, 496.0-495.0; May 500.0, 501.5, nil; July 503.3, 508.0, nil; Oct. 503.0, 508.0, nil. Sales: 182.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 347, 350, 349-348; Aug. 364, 370, 364-362; Oct. 366, 373, 366-365; Dec. 374, 377, 377-376; Jan. 373, 382, 379; March 382, 385, 384; May 386, 390, 387; Aug. 388, 393, 389; Oct. 389, 395, 393-392. *Sales: 86.*

POTATOES

LONDON POTATO FUTURES—April saw most activity as trading ceases noon tomorrow and values fell again although recovering from bottom. New crop currently quiet but steady, reports Coley and Harper. Closing prices: April 50.70, unchanged (high 51.30, low 50.30): Nov. 58.70, —40 (high 58.80, low 58.70): Feb. 67.30, —40 (high 67.50, low 67.30). Turnover: 147 (86) lots of 40 tonnes.

PRICE CHANGES

	Apr. 7 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1425/1455	......	$1445/475
Copper			
Cash w'bar	£840.5	—15.5	£802.5
3 mths	£861.5	—15.75	£825.5
Cash Cathode	£834	+14	£798 5
3 mths	£848.25	—16.75	£811.5
Gold troy oz	$512.5	—19	$485.5
Lead Cash	£348.5	—3	£325.25
3 mths	£353.75	—5.75	£333.25
Nickel	£3,379.50	......	£3,558.65
Freemkt	290/305c	+5	275/290c
Platin'mtr'y oz	£213.5	......	£213.50
Freemkt	£233.55	—7.1	£211.25
Quicksilvert	$415/420	+2.5	$405/451
Silver troy oz	549.40p	—18.5	548.60p
3 mths	565.60p	—18.9	565.0p
Tin Cash	£6,275	—40	£6,070
3 mths	£6,357.5	—22.5	£6,175
Tungsten22.04lb	$149.08	......	$145.47
Wolfrm 22.04 lbs	$147/148	......	$151/155
Zinc Cash	£381.5	+1	£334.25
3 mths	£390.75	+1	£345.25
Producers	$825/875	......	$825
Oils			
Coconut (Phil)	$535w	......	$585
Groundnut	‡	......	‡
Linseed Crude	‡	......	£418
Palm Malayan	$560z	—5	$605
Seeds			
Copra Philip	$365	......	$395
Soyabean(U.S.)	$320.5	+5	$310
Grains			
Barley Futures	‡	......	£100.75
Maize			
French	£125	+0.5	‡
Wheat			
No 1 Red Spg.	‡	......	‡
No2 HardWint	£106	+1.2	105.25
Eng. Millingt	‡	......	‡
Other commodities			
Cocoa ship't	£1,029	—8	£1,010
Future July	£959.5	—13	£914.5
CoffeeF t' July	£1054.5	—16	£1026
Cotton A.Index	89.45c	......	93.10c
Rubber (kilo)	51.5p	—1.5	58.25p
Sugar (Raw)	£212.0	—6	£234
Woolt'ps 64s kl.	319p kilo	......	324p kilo

† Unquoted. u May-June. x June. w April-May. v May. z Indicator. § Buyer. ‡ Per 45 lb flask. * Nominal.

HIDES—Birmingham: Ox marginally firmer, cows weaker. Second clears: Ox 31-35.5 kg, 39.4p a kg (38.3p a kg): 26-30.5 kg, 43.6p a kg (43.3p a kg): *22-25.5 kg, 52.7p a kg (52.5p a kg).* Light cows 37.9p a kg (43.0p a kg).

★

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 72.0 to 77.0; Ulster hindquarters 86.5 to 89.2, forequarters 55.0 to 57.5. Veal: Dutch hinds and ends 116.0 to 120.0. Lamb: English small 70.0 to 84.0, medium 70.0 to 80.0, *heavy 70.0 to 78.0; Imported frozen:* New Zealand PL 60.0 to 60.0, PM 59.0 to 59.0. Pork: English, under 100 lb 47.3 to 51.3, 100-120 lb 45.0 to 49.5, 120-160 lb 43.0 to 48.0.

MEAT COMMISSION — Average Fatstock prices at representative markets on April 7. GB—Cattle 92.31p per kg lw (+2.22). UK—Sheep 170.70p per kg est dcw (—3.79). GB—Pigs 72.91p *per kg lw (+0.23).*

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Shamoutis/V. Lates 50/189 4.85-5.25; Spania: Navels 48/100 4.20-4.80; Cyprus: V. Lates 80/120 3.20-3.50; Moroccan: Lates 64/113 3.80-4.40. Lemons—Spania: Trays 25/54 1.80-2.20, 15-kg boxes 5.00; Cyprus: 10 kg 4.00-4.40; Californian: 95/140 6.50; Italian: 100/120 4.00; S. African: 80/100 5.80; Jaffa: 5.80. Grapefruit—Cyprus: 20 kg 40/64 3.40-3.80; Jaffa: 20 kg 36 4.45, 40 4.50, 48 4.65, 56 4.40, 64 4.05, 75 3.85. Topaz—Jaffa: 22 lb 63/80 4.00-4.80. Apples—S. African: Golden Delicious 7.80-8.50, Dunn's Seedling 188/125 7.00-7.50, Starking 6.50-8.00; Chilean: Granny Smith 7.50; Canadian: Red Delicious 135/160 7.50-8.50; *U.S.:* Red Delicious 8.50-10.50; Belgian: 28 lb, per pound Cox's 0.10-0.14; French: Stark Crimson 40 lb 5.40-6.50, 20 lb 72 2.80, 84 2.40.

AMERICAN MARKETS

Monday's closing prices

NEW YORK, April 6.

Precious metals were trading higher on the deteriorating Polish situation. Copper sold off moderately on Arbitrage selling and on higher interest rates. Sugar was under considerable pressure on higher production *estimates in the Far East and sluggish* demand in Europe. Cocoa was little changed in very light trading. The livestock complex moved sharply higher on steady product prices and tight live marketings. Grains and soyabeans *rallied* early but lost most of the gains on the close on profit taking. Coffee came under pressure from Arbitrage selling and technical selling. Cotton traded mixed most of *the day and rallied in sympathy with* grains. Heating oil advanced higher on technical buying and short coverings, reported by Heinold.

Potatoes (round whites)—Nov. 83.5-83.7 (83.8), Feb. 94.5 (94.2), March 100.2-100.5, April 114.0-114.5. Sales: 97.

Tin—635.00-638.00 (635.00-641.00).

CHICAGO, April 6.

Lard—Chicago loose 19.25 (same).

Chicago Imm Gold—April 533.0 (520.0). *May nil (nil). June* 539.0-538.5, July 538.3, Sept. 559.0, Oct. 568.0, Dec. 578.5, Jan. 587.0, March 600.5, April 595.8.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 252.77 (251.27).

WINNIPEG, April 6.

§Barley—May 146.50 (147.00), July 147.10 (148.00), Oct. 145.50, Dec. 146.10, March 145.50.

†Soyabeans—May 783-781 (778), July 808-806 (802), Aug. 817½-818½, Sept. 822, Nov. 840½-838, Jan. 857-858½, March 878, May 892½.

‖Soyabean Meal—May 223.2-223.5 (222.3), July 231.8-231.5 (230.7), Aug. 234.8-235.0, Sept. 238.0, Oct. 240.5-240.0, Dec. 244.5, Jan. 247.0-247.5, March 251.0-251.5, May 253.5-254.5.

Soyabean Oil—May 24.75-24.70 (24.72), July 25.50-25.45 (25.49), Aug. 25.76, Sept. 26.05, Oct. 26.30-26.35, *Dec.* 27.00-26.95, Jan. 27.15, March 27.75-27.80, May 28.25-28.30, July 28.80-28.85.

†Wheat—May 431½-432 (430¾), July 441-440½ (438), Sept. 455½-456, Dec. 477, March 495½.

††Cocoa—May 2,022 (2,037), July 2,075 (2,097), Sept. 2,115, Dec. 2,163, March 2,213, May 2,262, July 2,315. Sales: 1,414.

Coffee—"C" Contract: May 124.80-124.85 (127.11), July 124.75-124.90 (127.00), Sept. 124.75-125.25, Dec. 123.01-123.50, March 122.50, May 122.25-122.75, July 122.25, Sept. 122.00-122.75. Sales 1,927.

Copper—April 84.40 (85.35), May 85.30-85.45 (86.45), June 86.50, July 87.50-87.60, Sept. 89.75-89.85, Dec. 93.00, Jan. 94.05, March 96.10, May 98.00, July 99.90, Sept. 101.80, Dec. 104.70, Jan. 105.70. Sales 6,200.

Cotton—No. 2: May 86.65-86.80 *(87.21), July 87.80-88.00 (87.95),* Oct. 85.65-85.85, Dec. 83.40-83.50, March 83.70-84.40, May 85.00-85.50, July 85.50-86.00. Sales 7,000.

*Gold—April 526.0-528.0 (521.5), May 531.8 (526.5), June 537.0-538.5, Aug. 550.5-552.0, Oct. 564.8, Dec. 579.0-580.0, Feb. 591.6, April 605.1, June 618.7, Aug. 632.4, Oct. 646.1, Dec. 659.9, Feb. 673.9. Sales: 37,000.

Heating oil (cents per U.S. gallon)—*May 0.9650 (0.9520), June 0.9700* (0.9605), July 0.9876, Aug. 1.0025, Sept. 1.0266, Oct. 1.0450, Nov. 1.0615, Dec. 1.0840, Jan. 1.1070, Feb. 1.1285, March 1.1470. *Sales:* 5,417.

Orange Juice—May 154.00-154.50 (152.30), July 157.00 (153.35), Sept. 156.50-156.80, Nov. 152.20-152.50, Jan. 149.50, March 150.50-150.75, May 151.25-151.50, July 152.00-152.50, Sept. 152.10-152.50. Sales: 3,000.

Live Cattle—April 63.80-63.90 (63.07), *June* 69.00-68.85 (67.92), *Aug.* 69.75-69.60, Oct. 67.95-67.90, Dec. 69.40-69.50, Feb. 70.50-70.30, *April* 70.90.

Live Hogs—April 42.75-42.80 (41.57), June 50.15-50.15 (48.65), July 52.50-52.50, Aug. 52.82, Oct. 53.35, Dec. 56.37, Feb. 57.82, April 56.70, June 58.95.

‡‡Maize—May 362¾-363 (361½), July 372½-373 (370¾), Sept. 379¾-379½, Dec. 383-384, March 393½, May 397½.

Pork Bellies—May 55.00-55.00 (53.00), July 56.15-56.15 (54.15), Aug. 55.77, Feb. 70.60, March 70.12.

*Platinum—April 510.0 (507.7), May nil (nil), June nil, July 527.5-527.9, Oct. 543.0, Jan. 568.5, April 589.0. Sales: 1,410.

¶Silver—April 1223.5 (1218.0), May 1234.0-1237.0 (1230.0), June 1251.0, July 1267.0-1269.0, Sept. 1299.5, Dec. 1345.0-1350.0, Jan. 1363.5, March 1395.5, May 1427.5, July 1459.5, Sept. 1491.5, Dec. 1539.5. Handy and Harman bullion spot 1227.00 (1217.00). Sales: 2,660.

Sugar — No. 11: May 19.35-19.45 (19.96), July 19.45-19.50 (20.06), Sept. 19.45, Oct. 19.45, Jan. 19.00, March 19.25, May 19.32-19.40, July 19.50-19.55, Sept. 19.40-19.75.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. *‡‡ Cents per 56-lb bushel.* † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, April 7.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent April $212, June-July $206. U.S. No. Two Red Winter April-May $205, June-July $192. U.S. No. Two Northern Spring wheat 14 per cent April $206.50, May $206, June $207.50, July $208.50, Aug. $209.50, Sept. $211.50, Oct. $215, Nov. $217.

Maize—U.S. No. Three Corn Yellow afloat $163, April $160.75, May $163, June $167, July-Sept. $172, Oct.-Dec. $175. Jan.-March $187.

Soyabeans—U.S. Two Yellow Gulfports afloat April $314, May $315.75, June $319.25, July $322.75, Aug. $326.75, Sept. $329.25, Oct.-Nov. $333.50, Dec. $339.75, Jan. $344.50, Feb. $250, March $353.50. Argentine May $312.50, June $313, July $313.50 sellers.

Soyameal—44 *per cent protein* U.S. afloat $275 traded/sellers, March $289, April-May $271, April-Sept. $277, Nov.-March $298. Brazil Pellets afloat $289 traded/sellers, May-June $285, April-Sept. $288.50 sellers.

PARIS, April 7.

Cocoa — (FFr per 100 kilos): May 1016-1024, July 1045-1055, Sept. 1080-1090, Dec. 1102-1119, March 1122-1134, May 1140-1165. Sales at call: *nil.*

Sugar — (FFr per tonne): May 2460-2465, July 2410-2460, Aug. 2410-2415, Oct. 2367-2392, Nov. 2350-2400, Dec. 2325-2370, March 2340-2360, May 2345-2400. Sales at call: 10.

INDICES

FINANCIAL TIMES

April 6	April 3	Month ago	Year ago
263.15	261.70	258.55	—

(Base: July 1, 1952=100).

MOODY'S

April 6	April 3	Month ago	Year ago
1128.8	1126.5	1133.2	1131.9

(December 31, 1931=100)

DOW JONES

Dow Jones	April 6	April 3	Month ago	Year ago
Spot	415.07	417.45	416.19	410.80
Fut'rs	424.01	425.37	427.32	429.09

(Average 1924-25-26=100).

REUTERS

April 7	April 6	M'nth ago	Year ago
1695.6	1703.7	1719.6	1724.9

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Gilts react in the wake of disappointing banking figures—Equities follow and index 7.7 off at 525.8

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 16	Mar. 26	Mar. 27	Apr. 6
Mar. 30	Apr. 8	Apr. 9	Apr. 21
Apr. 10	Apr. 29	Apr. 30	May 11
May 1	May 14	May 15	May 26

* "New time" dealings may take place from 9 am two business days earlier.

The recent easier trend in the two main investment sectors of London stock markets gathered impetus yesterday as hopes of a further reduction in Minimum Lending Rate were stifled by disappointing mid-March banking figures.

The reaction was more pronounced in Gilt-edged securities in which sentiment was already unsettled by the upward pressure on U.S. interest rates and, to a lesser extent, by the Polish situation. Already showing losses ranging to ½, medium and long-dated stocks fell further as the market backed away from selling following the 2.30 pm announcement of the banking statistics and closing falls ranged to a point. **Treasury** 11½ per cent 2003-07 "A" ending that amount lower at 92¼. In contrast, short maturities ended only marginally easier, the £15-paid tap, closing 1/16 down at 15¾.

Leading equities started the day on an uncertain note, but steadied on lessened fears about Poland following reports of Mr. Brezhnev's statement. Prices, however, faltered in the wake of the setback in the Funds and final values were around the day's lowest. Selling was usually of modest proportions and mainly represented profit-taking after the recent upsurge. The day's changes in sentiment were reflected in the FT 30-share index, which reduced a 10.00 am loss of 5 points to around 3 points for the next four hours with the close showing a fall of 7.7 at 525.8.

The reaction embraced most equity sectors, but a few bright spots emerged. These mainly resulted from bid situations, both rumoured and actual. Talk of a possible counter-offer, confirmed after the official close, enlivened interest in **Royal Bank of Scotland**, currently in receipt of an agreed bid from **Standard Chartered**. Take-over speculation *developed in cleaning* issues following the proposed **Hawley Leisure - Provincial** merger, while Rothmans were briskly traded again awaiting further news of the talks with R. J. Reynolds.

Gold shares dropped sharply on yesterday's fall in the bullion price, but mining issues were featured by further heavy losses *in the Australian Rundle Twin.*

Business in Traded options improved with 1,418 deals arranged. **Imperial** were well to the fore with 317 contracts completed, while **Grand Metropolitan** and **BP** attracted 191 and 168 trades respectively.

Metal Bulletin staged a satisfactory debut in the Unlisted Securities Market; *from an opening level of 91p, the shares* touched 98p before closing at 95p against the placing price of 84p. Elsewhere in recently-issued equities, **British Aerospace** shed 6 to 197p.

Royal Bank Scot. jump

The early announcement that **Royal Bank of Scotland** had received an approach which might lead to a bid to counter the 141p per share offer from **Standard Chartered** sparked heavy buying of the former as the market speculated about a possible offer from **Hongkong and Shanghai**; Royal Bank raced away in active trading to close a further 28 up at 168p, after 172p, while Standard rose 11 to 666p, after 670p. Hongkong and Shanghai, long rumoured to be a counter bidder, even more so yesterday after the U.S. Citibank's denial of any similar intention, shed 7 to a 1981 low of 132p. News of Hongkong's share exchange offer, worth on last night's closing price, around 223p per Royal Bank share, came after market hours.

Elsewhere in the banking sector, Discount Houses fell in *sympathy with dull gilts.* **Allen Harvey and Ross** shed 15 to 335p as did **Union**, to 495p, while **Gerrard and National** lost 14 to 298p. **Alexanders** declined 12 to 253p and **Cater Ryder**, 390p, and **Gillett Bros.**, 280p, dipped 10 apiece. Merchant Banks gave ground with **Kleinwort Benson** down 13 at 262p and **Hambros** 15 lower at 725p. **Guinness Peat** *shed 6 to 109p.*

Nervous selling in front of today's preliminary results left **London Brick** 5 cheaper at 75p. Other leading Buildings also gave ground, **Blue Circle** losing 8 at 410p and **BPB Industries** 5 at 274p. **Taylor Woodrow**, annual results tomorrow, shed 12 to 568p, while **Costain** eased 4 to 232p and **Newarthill** relin*quished 15 to 420p, the last-*named in a thin market. Against the trend, **Wimpey** improved a couple of pence to 116p; the annual results are due at the end of the month. **John Finlan** firmed 3 to 136p in response to the increased preliminary profits, while **Watts Blake Bearne**, reporting tomorrow, hardened a couple of pence to 202p.

Business in leading Chemicals was small. **ICI** closed 2 off at 252p and **Fisons** 5 cheaper at 150p.

Stores quiet

Business in Stores remained at a low ebb, and the leaders drifted gently lower. **Marks and Spencer** gave up 2 at 124p, while **Gussies "A"** shed 7 for a two-day fall of 13 to 470p. **Debenhams** bucked the trend, however, and closed 2 better at 94p. Secondary issues continued to react to small sellers. **Austin Reed "A"** fell 4 to 84p in the absence of bid developments, while support was also lacking for **Bakers Household**, 7 lower at 132p. **Aquascutum "A"** eased 2 to 32p following the halved full-year earnings.

Quietly dull conditions prevailed in leading Electricals which closed with fresh falls ranging to 6. **GEC** lost that much to 668p as did **Racal Electronics** to 370p. **BICC** also declined 6, to 234p, despite details of Middle East contracts worth £23m. **Plessey** gave up 5 to 322p and **Thorn EMI** softened 2 to 350p. Elsewhere, **Dreamland** moved up 2 to 26p in response to the maintained dividend, while **Bowthorpe** hardened a penny to 158p ahead of tomorrow's annual results. **Ferranti** came on offer at 555p, down 25p, and **AB Electronics** shed 9 at *100p.*

Among leading Foods, recently firm **Northern** encountered profit-taking and shed 6 to 154p, while **Unigate** gave up 5 to 103p and **Tate and Lyle** lost 4 to 172p. **William Morrison** came in for support and, in a market none-too-well supplied with stock, gained 16 to 283p; the shares go ex a 100 per cent scrip issue next Monday.

Old Swan Hotel (Harrogate) improved 5 to 71p following the Board changes and rights issue proposal.

Bowater below best

Bowater moved against the trend in miscellaneous industrials, rising to a 1981 peak of 252p on buying ahead of tomorrow's preliminary results before easing on profit-taking to finish a net 2 up on the day at 245p. Elsewhere, dry cleaning shares became excited by the Provincial/Hawley Leisure bid development and **Pritchard Services**, in which Provincial have a 21 per cent interest, rose 7 afresh on bid hopes to 173p, while **Spring Grove** added a like amount to 119p. **H. Brammer** hardened 2 to 152p as the maintained dividend payment annulled news of the lower profits. **ICL** rose 3 to 48p, still on hopes of an American rescue bid; the Government's £200m loan guarantee to the group has been approved in the Commons. **De La Rue** lost 30 to 680p and **Amalgamated Metal** fell 11 to 312p. Dealings in **Thomson T-Line Caravans** were resumed following news of the abortive bid discussions, and the close was 47p compared with the suspension level of 67p.

Recently firm **Pleasurama** encountered profit-taking and dipped 12 to 248p.

Motor sectors displayed modest falls. **Lucas** shed 5 to 195p, while **Dunlop** ended a penny cheaper at 67p, after 66p. Among Distributors, **British Car Auction** met profit-taking and slipped 3 to 82p, but **Lex Service**, at 104p, recovered half of the previous day's fall of 6.

Agencies were mixed. **Geers Gross** rose 3 to 120p, but falls of 9 and 5 respectively were marked against **Mills and Allen**, 383p, and **More O'Ferrall**, 150p. Envelope manufacturers **Chapman (Balham)** met fresh demand in a restricted market and closed 8 better at 170p.

The Property sector had a firm feature in **Laing Properties A** which touched 212p before closing 11 up on balance at 208p following the good annual results and property revaluation. Most other issues drifted back on lack of support and small scrappy selling. **Land Securities**, 420p, and **MEPC**, 240p, shedding 4 apiece. **British Land** and **Capital and Counties** both lost 3, to 102p *and 119p respectively*, while **Scottish Metropolitan** eased a penny to 126p despite the increased interim profits. Elsewhere, **Anglo Metropolitan**, up 5 on Monday following a bid approach from the U.S., gained another 4 to 116p, while **Westminster and Country** attracted support and improved 3 to 77p.

KCA fall

Oils remained in the doldrums and double figure losses were again commonplace. Lack of support and sporadic selling left **Shell** 10 down at 348p and **British Petroleum** 8 off at 362p. Elsewhere, **KCA International** dropped 18 to 182p following the preliminary results and the company's decision to go ahead with the hive-off of its drilling subsidiary. **Clyde** turned dull late and shed 35 to 710p while **Century** gave up 7 to 72p. Among overseas issues, **Strata** lost 14 to 160p and **Double Eagle** relinquished 10 to 295p.

Investment Trusts reflected the easier tone in equities. **Dualvest Capital**, 428p, and **Derby Capital**, 328p, eased 8 and 5 respectively, while consideration of the company's North Sea oil *interests left* **Atlantic Assets** 6 lower at 226p. News of the £0.68m rights issue clipped a couple of pence from **Yorkshire and Lancashire**, at 37p.

Southampton I.O.W. were marked 10 higher at 385p following the increased annual profits and dividend accompanied by the proposed 100 per cent scrip issue.

Movements in Textiles were usually confined to a penny or two either way. **S. Jerome** eased the turn to 94p in front of today's preliminary results. **Small and Tidmas** attracted renewed support in a thin market and closed 5 dearer at 70p.

Tobaccos were actively traded. Still anticipating further news about the exploratory talks with R. J. Reynolds, **Rothmans International** put on 3 more to 78p. **Imperial** attracted institutional support and rose a couple of pence to 76p.

South African industries trended lower where altered. **South African Breweries** eased 8 at 164p, while **Barlow Rand** declined 17 to 433p.

Notable movements among Plantations were rare, although selected issues reacted to profit-taking. **Jitra**, 65p, and **Inch Kenneth**, 203p, eased 5 apiece, while **Boustead** fell 8 to 165p.

Mining markets ran in to a wave of selling pressure as the latest turn of events regarding Poland sent the bullion price down $19 to $512.50 an ounce.

South Africans were sharply lower while Australians were affected by the rally in sterling—which encouraged arbitrage selling—and another bout of heavy liquidation of shares in the Rundle twins following news of a near trebling of development costs and geological difficulties at the Rundle oil-shale project in Queensland.

Central Pacific Minerals slumped a further 45 to a 1981 low of 105p—a two-day decline of 110p—while **Southern Pacific Petroleum** dropped 16 more to a low *of 42p, down 46 over the* past two days. In November last year, Central Pacific were changing hands around 545p and Southern Pacific around 205p.

Other Australian oil-shale issues fell sharply in sympathy. **Esperance Minerals** gave up 25 to 50p and **Greenvale Mining** 10 to 37p.

The leading Australian base-metal stocks were marked down at the outset and attracted light selling throughout the day. **CRA** dipped 9 to 258p, **MIM Holdings** 5 to 262p and **Western Mining** 4 to 296p. Golds showed **Kitchener Mining** 40 lower at 170p, while in Coals **Meekatharra** dropped 30 to 340p.

South African Golds gave back all and more of Monday's gains with the Gold Mines index losing 27.1 to 356.1. An initial mark-down was followed by a brief rally before fresh selling from London and, in the after-hours' trade, the U.S. left closing prices at the day's lowest.

In the heavyweights, "**Amgold**" dropped £3 to £51, while similar losses were sustained by **Randfontein**, £27½, and **West Driefontein**, £35¾, the last-named ahead of the first-quarter profits. Financials weakened in line with Golds.

FINANCIAL TIMES STOCK INDICES

	Apr. 7	Apr. 6	Apr. 3	Apr. 2	Apr. 1	Mar. 31	A year ago
Government Secs.	69.39	69.97	70.06	70.10	70.13	69.84	64.97
Fixed Interest	71.47	71.66	71.66	71.59	71.57	71.41	65.43
Industrial Ord.	525.8	533.5	539.6	541.9	529.8	528.1	426.7
Gold Mines	356.1	383.2	359.4	345.2	341.7	341.0	312.9
Ord. Div. Yield	6.23	6.15	6.07	6.04	6.17	6.21	8.16
Earnings, Yld.%(full)	12.31	12.15	12.14	12.07	12.34	12.40	19.94
P/E Ratio (net) (*)	10.14	10.21	10.34	10.40	10.17	10.12	6.16
Total Bargains	25,380	31,674	38,815	37,620	34,139	32,065	12,841
Equity turnover £m.	—	172.33	206.45	222.30	182.86	164.45	72.73
Equity bargains total	—	27,515	34,512	35,533	31,919	30,599	16,509

10 am 528.5. 11 am 530.8. Noon 530.2. 1 pm 530.7.
2 pm 530.6. 3 pm 528.9.

Latest Index 01-246 8026.

* Nil = 9.36.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	68.05 (16/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	69.98 (16/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	541.9 (2/4)	446.0 (14/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	421.1 (16/1)	281.4 (29/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 6	Apr. 3
—Daily		
Gilt Edged Bargains	220.4	196.4
Equities Bargains	178.3	222.3
Value	348.3	417.3
5-day Avrge.		
Gilt Edged Bargains	204.7	197.6
Equities Bargains	207.2	205.4
Value	385.4	370.6

NEW HIGHS AND LOWS FOR 1981

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (100)

BRITISH FUNDS (1)
CORPORATION LOANS (3)
COMMONWEALTH AND AFRICAN LOANS (3)
AMERICANS (2)
CANADIANS (1)
BANKS (2)
BUILDINGS (6)
CHEMICALS (4)
ELECTRICALS (2)
ENGINEERING (10)
FOODS (4)
INDUSTRIALS (23)
INSURANCE (2)
LEISURE (1)
MOTORS (1)
NEWSPAPERS (1)
PAPER (2)
PROPERTY (4)
SHIPPING (2)
SHOES (1)
SOUTH AFRICANS (2)
TEXTILES (4)
TOBACCOS (2)
TRUSTS (12)
OIL AND GAS (1)
RUBBERS (7)
MINES (1)

NEW LOWS (38)

BRITISH FUNDS (5)
Exch. 8½pc 1981 — Exch. 11pc 1991
Treas. 11½pc 1985 (£15 paid) — Treas. 2pc I.L. (£35 paid)
Exch. 12½pc 1990 (£40 paid)

BANKS (2)
Allen Harvey & Ross — Hongkong & Shang.

ELECTRICALS (2)
Scholes (G. H.) — Thorpe (F. W.)

ENGINEERING (2)
Barton & Sons — Stone-Platt

INDUSTRIALS (3)
Reed Executive — Syltone
Scoteros

PAPERS (1)
Culter Guard

TEXTILES (1)
Snia Viscosa

TRUSTS (4)
Oil & Assoc. — Yorks. & Lancs
Viking Resources — London Invs.

OILS (12)
BP — LASMO "Ops"
Burmah — Premier Cons.
Candecca Res. — S. & K. Pet.
Charterhouse Pet. — Shell Transport
Edinburgh Secs. — Sovereign Oil
Imp. Cont. Gas — Tricentrol

TEAS (1)
Haoma Gold — Coronation

MINES (5)
Southern Pacific — Falcon
Central Pacific

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	4	91	4
Corpns. Dom. & Industrials	160	384	824
Financial & Props.	50	232	211
Oils	5	51	21
Plantations	4	5	14
Mines	7	100	58
Others	16	75	57
Totals	256	951	1,231

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bowater	245	+2	Plessey	322	−5
Central Pacific	105	−45	Rothmans	78	+3
GEC	668	−6	Royal Bk. of Scotland	168	+24
Imperial Group	76	+2	Southern Pacific	42	−16
KCA International	182	−18	Thorn EMI	350	−2
Laing Prop. 'A'	208	+11	West Drie.	£35¾	−2¼

Based on bargains recorded in SE Official List

MONDAY'S ACTIVE STOCKS

Stock	No. of price changes	Mon.'s closing price pence	Day's change	Stock	No. of price changes	Mon.'s closing price pence	Day's change
GEC	21	674	−9	Racal	12	375	−4
Shell	17	358	−14	ICI	11	254	−4
BP	16	370	−10	Thorn EMI	11	352	—
Rothmans	16	75	+5	De Beers dfd	10	402	+10
Suter New	16	22pm	—	Marks & Spen.	10	126	−2
LASMO	15	540	−27	Plessey	10	327	−5
Anglo Metro	13	112	+5	RTZ	10	463	−2

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 6	Apr. 16	July 9	July 20
Apr. 21	May 1	July 23	Aug. 3

For rate indications see end of Share Information Service

Money was given for the call in Dunlop, Cope Allman, Burmah, FNFC, Chaterhall, Rothmans, Double Eagle, Tricentrol, BP, Dinkie Heel, Premier Oil, Southern Pacific Petroleum, Central Pacific Minerals, Endeavour, Akroyd and Smithers, Minster Assets, Stone-Platt, Hongkong and Shanghai and Carless Capel. Puts were done in Lucas, Welkom, Bracken and Free State Geduld, while doubles were taken out in Sheriton and Charterhall.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., April 7, 1981: Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. April 6 Index No.	Fri. April 3 Index No.	Thurs. April 2 Index No.	Wed. April 1 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	338.47	−1.0	11.40	4.73	10.82	341.95	346.06	347.05	342.27	230.25
2	Building Materials (25)	303.28	−1.0	14.85	5.73	8.08	306.31	309.45	310.05	307.60	223.65
3	Contracting, Construction (28)	562.20	−0.4	16.70	4.80	7.13	564.55	576.75	579.79	575.46	348.72
4	Electricals (27)	1068.41	−1.1	8.21	2.52	15.10	1080.06	1094.47	1104.98	1088.97	598.19
5	Engineering Contractors (11)	454.48	−1.2	12.50	5.69	10.09	460.19	462.22	456.56	444.65	272.94
6	Mechanical Engineering (71)	206.78	−1.5	13.17	5.97	9.63	209.85	212.30	211.26	208.35	155.66
8	Metals and Metal Forming (13)	158.66	−1.0	10.60	8.36	12.49	160.34	159.52	160.70	156.13	159.82
9	Motors (21)	98.13	−0.4	10.63	8.52	12.34	98.50	100.61	100.09	98.38	102.96
10	Other Industrial Materials (18)	354.69	−0.6	11.70	5.76	10.22	356.92	360.96	359.55	355.29	0.00
21	CONSUMER GROUP (196)	265.69	−0.7	14.04	5.91	8.63	267.58	270.74	270.40	256.21	205.22
22	Brewers and Distillers (20)	286.30	−0.7	16.18	6.40	7.33	288.26	292.87	292.01	285.46	257.32
25	Food Manufacturing (22)	247.41	−0.8	16.19	6.39	7.33	249.53	252.85	253.41	251.35	185.33
26	Food Retailing (14)	522.17	−0.5	8.65	3.09	13.66	525.04	532.43	538.43	524.08	291.27
27	Health and Household Products (7)	284.64	−1.3	9.47	5.04	12.54	288.50	293.33	294.84	285.87	192.81
29	Leisure (22)	404.79	−0.9	12.59	5.54	9.61	408.49	412.05	407.69	402.26	285.71
32	Newspapers, Publishing (12)	483.16	−0.4	18.16	6.13	7.19	485.17	490.73	490.30	489.01	399.37
33	Packaging and Paper (14)	140.42	+0.2	21.51	8.22	5.40	140.19	141.87	140.78	138.48	124.45
34	Stores (44)	263.16	−1.0	11.24	4.81	11.66	265.81	269.09	269.08	266.70	209.98
35	Textiles (21)	151.77	—	14.48	8.66	9.33	151.71	152.84	152.14	150.02	117.70
36	Tobaccos (3)	229.73	+0.7	24.74	10.13	4.61	228.20	226.60	222.80	219.38	201.58
39	Other Consumer (17)	272.22	−0.7	9.38	7.07	13.30	274.26	274.60	274.42	273.87	0.00
41	OTHER GROUPS (78)	224.28	−0.7	13.91	6.75	8.86	225.77	228.05	226.99	221.68	194.71
42	Chemicals (15)	265.32	−0.8	12.20	7.87	10.40	267.41	270.65	270.26	259.25	292.00
44	Office Equipment (6)	116.67	−0.7	15.95	7.12	7.44	117.54	119.20	119.62	118.81	108.55
45	Shipping and Transport (13)	618.34	−0.5	13.74	5.98	8.70	621.35	622.12	615.97	611.63	452.78
46	Miscellaneous (44)	291.16	−0.6	15.27	5.75	8.05	292.84	295.91	293.47	288.91	228.66
49	INDUSTRIAL GROUP (488)	284.82	−0.8	13.02	5.57	9.39	287.17	290.52	290.49	285.88	217.73
51	Oils (12)	755.27	−2.3	23.90	7.45	4.68	773.21	797.79	814.05	782.54	732.20
59	500 SHARE INDEX	322.50	−1.1	14.95	5.90	7.97	326.05	331.03	332.26	325.56	258.37
61	FINANCIAL GROUP (118)	257.33	—	—	5.44	—	257.37	259.81	260.32	256.44	186.37
62	Banks (6)	242.18	+1.3	33.75	7.45	3.57	239.00	241.85	239.57	234.21	201.01
63	Discount Houses (10)	298.98	−3.4	—	6.19	—	309.57	309.08	307.34	306.68	212.08
64	Hire Purchase (4)	273.44	—	8.23	4.54	16.81	273.34	273.66	275.54	273.41	186.79
65	Insurance (Life) (10)	270.53	+0.8	—	5.28	—	268.47	272.92	274.72	270.95	165.76
66	Insurance (Composite) (9)	168.80	−0.1	—	7.28	—	168.90	170.31	171.62	168.51	120.98
67	Insurance Brokers (8)	359.69	+0.7	12.60	6.39	10.69	357.16	357.67	356.97	353.66	284.16
68	Merchant Banks (13)	154.31	−3.0	—	5.08	—	159.03	160.48	159.43	158.67	98.58
69	Property (48)	504.16	−0.9	3.01	2.49	45.86	508.77	513.20	517.77	511.09	356.34
70	Miscellaneous (10)	175.93	+0.8	17.92	5.88	6.85	174.60	175.49	174.13	172.45	127.37
71	*Investment Trusts (109)*	299.71	−0.8	—	5.14	—	302.11	304.99	302.68	301.11	203.67
81	Mining Finance (3)	236.40	−1.7	14.31	5.68	8.29	240.54	241.01	238.87	240.32	187.96
91	Overseas Traders (20)	450.23	+0.1	11.81	6.57	10.42	449.94	454.01	455.10	448.04	391.12
99	ALL-SHARE INDEX (750)	309.41	−0.9	—	5.78	—	312.10	316.27	317.01	311.45	241.36

FIXED INTEREST PRICE INDICES

	British Government	Tues. April 7	Day's change %	Mon. April 6	xd adj. today	xd adj. 1981 to date
1	5 years	109.19	−0.09	109.29	—	2.48
2	5-15 years	111.70	−0.65	112.43	—	2.97
3	Over 15 years	116.43	−0.92	117.51	—	2.77
4	Irredeemables	128.28	−1.40	130.10	—	1.78
5	All stocks	112.18	−0.58	112.84	—	2.69
6	Debentures & Loans	87.64	−0.27	87.88	—	3.47
7	Preference	67.88	−0.10	67.95	—	2.88

FIXED INTEREST YIELDS

	British Govt. Av. Gross Red.		Tues. April 7	Mon. April 6	Year ago (approx.)
1	Low Coupons	5 years	11.55	11.47	12.97
2		15 years	12.15	12.03	12.80
3		25 years	12.24	12.08	12.80
4	Medium Coupons	5 years	13.17	13.08	14.83
5		15 years	13.64	13.50	14.43
6		25 years	13.31	13.18	14.23
7	High Coupons	5 years	13.19	13.10	14.88
8		15 years	13.82	13.69	14.73
9		25 years	13.45	13.31	14.64
10	Irredeemables †		11.60	11.43	12.37
11	Debs & Loans	5 years	14.30	14.28	15.36
12		15 years	14.37	14.32	15.17
13		25 years	14.37	14.32	14.99
14	Preference †		14.35	14.35	15.91

† Flat yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p:	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
[illegible]	F.P.	—	300	260	✠Atlantic Res.	259	−10	—	—	—	—
150	F.P.	5/4	207	170	British Aerospace 50p	197	−6	b7.8	2.0	5.7	12.6
10	F.P.	27/3	18½	13¾	✠Crest Int. Secs. 10p	18	−¼	—	—	—	—
100	F.P.	1/5	120	105	Cystic Fibr. Inv. Tst. £1	115	...	—	—	—	—
[illegible]	F.P.	—	175	112	†† Eglinton Oil & Gas	157	−5	—	—	—	—
75	F.P.	30/4	105	86	Espley-Tyas Prop.	86	−6	b3.92	1.2	6.5	17.3
30	F.P.	—	41	36	✠Euroflame	40	−1	b2.1	2.5	7.5	7.6
[illegible]	F.P.	—	62	58	✠Harvey & Thompson	58	−4	g2.24	1.1	5.5	22.8
[illegible]	F.P.	—	97	93	✠Metal Bulletin	95	.....	T5.0	1.7	7.5	11.1
18	F.P.	—	22	20½	Munton Bros. 10p	20½	.....	—	—	—	11.6
100	F.P.	13/3	102	92	New Darien Oil Trust	92	.....	—	—	—	—
—	F.P.	—	57	44	Do. Warrants	53	.....	—	—	—	—
42	F.P.	13/5	45	38	Oil & Gas Production	38	.....	—	—	—	—
4.2	P.P.	13/5	9	7½	Do. ($0.01 pd.)	8½	.....	—	—	—	—
100	F.P.	21/4	101	96	T. R. Energy	96	−2	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price	+ or −
•	F.P.	—	34p	33p	Colonial Secs. 70% Cum. 2nd Pref. 5p	33p	.....
100	F.P.	1/5	74	70	Cystic Fibrosis Res'ch In. Tst. 5% Deb. '86	70	.....
[illegible]	£20	—	102	97½	Iceland 14½% 2016	97½	.....
97½	£10	10/7	11	10	Leeds (City of) 13½% Red. 2,006	10½	−¼
100	Nil	—	1pm	½pm	PMA 10% Cnv. Cum. Red. Prf. N/Pd.	½pm	.....
"	F.P.	20/3	170p	147p	Sterling Credit 8% Cnv. Red. Cum. Prf.	168	.....
100	Nil	—	34pm	24pm	Suter Elect. 9½% Cv. Subord. Ln. 95-2000 N/Pd	24pm	−4½
¶	F.P.	26/6	102½	102½	Sutton District Water 8% Prof.	102½	.....
¶	£10	4/6	11	11	West Hampshire Water 8% Red. Prf. '86	11	.....

"RIGHTS" OFFERS

Issue Price p:	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1981 High	1981 Low	Stock	Closing prices p:	+ or −
154	F.P.	9/3	22/5	220	171	Assoc. Dairies	203	−8
2	Nil	8/4	29/5	5pm	2pm	Barker & Dobson A	5pm	+½
$A9	Nil	—	—	295pm	175pm	Broken Hill Prop.	295pm	+15
48	Nil	—	—	16pm	8pm	I.M.I.	15½pm	−½
145	Nil	—	—	25pm	17pm	Spirax-Sarco	17pm	−1
40	Nil	—	—	29pm	19pm	Suter Electrical	22pm	−1
82	Nil	—	—	27pm	18pm	Thermal Syndicate	27pm	+5
A1¾	75c	—	—	86	69	Woodside	86	..

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. *F* Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *p‡* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Resulting from debt settlement scheme. ‡‡ Units comprising 125 A Ord. & 8 12½% Cum. Pref.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) .... 96.9 | 97.0 | ..... | 13.92
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa .... DM31.60 | 33.30 | −0.10 | —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. March 31 ... $4.61 | 4.84 | ..... | —

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra .... DM16.58 | 16.79 | −0.07 | —
Int. Rentenfonds .... DM59.97 | 61.47 | +0.49 | —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV Mar. 31 .... US$32.10 | 34.15 | ..... | .....

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. .... 158.5 | 170.3 | ..... | 2.20

The English Association
4 Fore Street, EC2. 01-588 7081
E. A. Income Fund* ... 65.5 | 69.7 | ..... | 7.17
E. A. Sterling* .... 67.69 | 67.73 | ..... | —
E. A. Equity* .... 69.47 | 73.91 | ..... | 1.65
Wardgate Cm. Fd.** ... 16.77 | 17.66 | ..... | 2.95
*Next dealing April 8. **Next dealing April 30.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents, Intel 15 Christopher St., EC2.
Tel: 01-247 7243. Telex 8814408
Euro Hldgs. .... US$19.77 | 20.36 | ..... | 9.20

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations ... | US$43.35 | −0.14 | 1.88

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4 01-623 4680
Centenary Fd. .... US$12.12 | +0.11 | 1.16
F. & C. Oriental Fd. ... US$23.89 | +0.33 | —
Prices April 1. Weekly dealings.

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets .... US$40.49 | ..... | 1.18
Am. Vals. Cum. Pf. $3* ... $101.00 | ..... | —
American Vals. Com.* ... $19.03 | ..... | —
Dollar Savings Trust ... US$77.91 | +0.13 | 14.16
Far East .... US$33.71 | −0.02 | —
International .... US$46.19 | ..... | —
Pacific .... US$111.64 | −0.52 | —
World .... US$26.10 | −0.17 | —
Gilt Fund .... 23.9 | 24.1 | −0.2 | 12.97
*Prices at April 1.

First Viking Commodity Trusts
10-12 St. George's St., Douglas, IoM. 0624 25015
Fst. Vik. Cm. Tst. .... 26.3 | 27.7 | ..... | 5.90

Fleming Japan Fund S.A.
37, rue Notre-Dame, Luxembourg
Fleming April 7 .... US$72.72 | −1.19 | —

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. .... 143.4 | 152.9 | ..... | 3.25
H.S. Fixed Int. Fd. .... 94.0 | 99.0 | ..... | 12.50
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. .... US$25.12 | 26.12 | −0.25 | —
CSF Fd. (Acc.) .... SF18.76 | 19.15 | +0.02 | —
Crossbow Fd. .... SF6.92 | 7.04 | +0.08 | —
ITF Fd. (Acc.) .... US$13.61 | 13.87 | −0.19 | —

N.V. Interbeheer

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† .... US$2.72 | 2.89 | +0.01 | 0.58
OCSm. Co.*** .... 119.4 | 127.0 | ..... | 2.60
O.C. Commodity* .... 93.5 | 99.4 | ..... | 7.16
O.C. Dir. Comdty.† .... US$46.40 | 49.36 | +0.73 | 1.50
O.C. Hong Kg. Fd.† .... HK$37.77 | 40.18 | ..... | —
O.C. Sterling Fd.** .... | £13.457 | +0.004 | —
**O.C. International Reserves Limited
Bel. Francs (Fin.) | 646.47 | Italian Lira | 22.724
Canadian $ | 27.015 | Singapore $ | 53.570

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	62.0	66.7	+0.5	2.37
Abbey Capital	50.2	54.3xd	-0.3	4.06
Abbey General	57.4	62.0	-0.4	4.96
Abbey Gilt & F.I. Tst.	107.3	112.9xd	-0.3	11.60
Abbey Income	37.4	40.4xd	-0.1	8.69
Abby W'w.Bd.Tst.	95.7	101.3	-0.5	6.61
Abbey Inv. Tst. Fd.	51.9	56.1	-0.2	4.28
Equitas Prog. Tst.	83.0	89.7	-0.8	4.56

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	86.8	91.3	-0.8	12.70

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	92.1	98.5	-0.8	5.49
Brit. Inds. Fund	80.6	86.2	-0.6	5.92
Growth & Income	53.0	56.7	-0.3	4.76
Elect. & Ind. Dev.	46.0	49.2xd	-1.3	5.08
Allied Capital	99.6	106.6xd	-0.8	4.15
Hambro Fund	137.1	146.7	-0.9	5.66
Hambro Acc. Fund	188.0	201.2	-1.4	4.52
Income Funds				
High Yield Fd.	68.3	73.1	-0.2	8.21
High Income	82.8	88.6xd	-0.3	7.30
Equity Income Fd.	47.6	50.9	-0.4	7.19
Govt. Secs.	26.5	27.2	.....	11.40
International Funds				
International	36.8	39.4	-0.2	2.03
Japan Fund	26.2	28.0	+0.1	0.23
Pacific Fund	72.2	77.2	+0.6	1.06
Secs. Of America	79.8	85.4	-1.3	1.87
Specialist Funds				
Smaller Co.'s Fd.	59.1	63.2	-0.2	4.11
2nd Smlr. Co's Fd.	73.5	78.6xd	-0.6	3.82
Recovery Sits.	144.7	154.8	-1.1	4.91
Met. Min. & C'dty.	69.3	74.2	-0.6	4.95
Overseas Earnings	71.2	76.2	-0.5	4.84
Exempt Funds				
Income Exempt	53.2	55.9	-0.2	7.60
Far East Exempt	76.1	79.1	+0.7	0.95
Smaller Co. Exempt	94.5	99.2xd	-0.6	4.03
U.S.A. Exempt	132.5	137.8xd	-2.3	2.25

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	71.4	76.6xd	.....	3.77

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931

Inc. Monthly Fund	154.0	164.0	.....	12.60
Leics.&Gen.Fd.	50.0	53.0	.....	—

Anthony Wieler Unit Tst. Mgmt. Ltd.
19, Widegate St., London, E1 7HP. 01-247 8827

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	42.7	46.1	-0.5	0.54
Cres. Internat'l.	85.8	92.6	-0.4	1.69
Cres. High. Dist.	47.1	50.8	-0.5	9.35
Cres. Reserves	52.0	56.1	-0.3	5.24
Cres. Tokyo	35.3	38.1	+0.1	0.92

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.5	25.0xd	.....	9.05

Discretionary Unit Fund Managers
36/38 New Broad St., EC2M 1NU. 01-638 4485

Disc. Inc. Mar. 27	249.5	266.1	.....	4.88

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	18.5	20.4	.....	6.93
Gt. Winchester O'seas	27.6	30.6	.....	3.47

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	91.2	96.0xd	-0.6	4.54

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	38.1	41.0	-0.3	0.63
Ameri.Spec.Sits. (z)	27.9	30.0	-0.2	0.59
Gilt + Fixed Int.	25.6	26.9	.....	11.74
Growth + Income	33.7	36.3	.....	6.58
Maximum Inc. Eq. Tst.	28.6	30.8	-0.1	8.79
Special Sits.	41.5	44.7	-0.7	1.72

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	40.0	43.0xd	.....	1.68
Accum. Units	49.6	53.3xd	.....	1.68
J. Finlay High Income	37.1	39.9xd	.....	9.67
Finlay Wld. Energy	18.3	19.7xd	-0.3	1.89
Accum. Units	23.8	25.6xd	-0.4	1.89
J. Finlay Fd.In.Tst.	39.6	42.6xd	.....	5.07
Accum. Units	50.1	53.9xd	.....	5.07

Prices on April 1. Next dealing April 8.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	83.6	92.0	-1.0	0.75
Am. T'around	77.8	83.3	-1.0	1.45
Capital Tst.	63.4	67.8xd	-0.4	4.94
(Accum. Units)	67.0	71.6	-0.4	4.90
Convertible & Gilt	49.4	51.8	.....	9.75
(Accum. Units)	49.4	51.8	.....	9.75
Extra Income Trust	54.2	57.8	-0.4	9.13
Income Tst.	43.4	46.4	.....	7.42
Int. Growth Fd.	67.0	71.6	-0.8	1.62
(Accum. Units)	72.0	76.8	-0.8	1.62

Robert Fraser Trust Mgt. Ltd.
28b Albemarle St., W.1. 01-493 3211

Robt. Fraser Ut. Tst.	87.1	93.7xd	-0.8	6.00

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	256.8	270.4	.....	4.43

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Pro. Fund March 31		148.70	.....	6.77
Wider Fund March 31		249.50	.....	5.00
Narrower Fd. Mar. 31		77.95	.....	12.99

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings.

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	172.4	185.3	-0.2	2.78
(Accum. Units)	221.3	237.9	-0.3	2.78
Income Fnd.	232.5	250.0	-2.1	7.41
(Accum. Units)	401.2	431.3	-3.6	7.41
Gen.	129.1	138.8	-0.8	3.88
(Accum. Units)	174.8	187.9	-1.2	3.88
Europe	21.8	23.4xd	-0.1	2.78
(Accum. Units)	26.0	27.9	.....	2.78
Smaller Co.'s	151.4	162.7	-1.8	3.00
American	52.1	56.0	-0.7	2.00
(Accum. Units)	52.1	56.0	-0.7	2.00
Tokyo	51.9	55.8	+1.6	0.25

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units		£25.96	-0.13	—
Property Units		£14.10	+0.02	—
Equity Bond/Exec	£17.33	18.34	-0.08	—
Prop. Bond/Exec	£18.48	19.56	+0.04	—
Bal. Bd./Exec/Unit	£17.99	19.09	-0.02	—
Deposit Bond	139.2	147.3	.....	—
Equity Accum.		309.8	-1.7	—
Property Accum.		£19.58	+0.04	—
Mngd. Accum.		247.2	-0.2	—
2nd Equity	137.2	145.2	-0.7	—
2nd Property	143.5	151.9	+0.3	—
2nd Managed	133.1	140.8	-0.2	—
2nd Deposit	121.5	128.6	.....	—

Henderson Administration
11 Austin Friars, London, EC2. 01-588 3622

High Income Fd.	105.6	111.2	-0.5	—
Gilt Edged Fund	96.7	101.8	-0.2	—
Capital Growth Fund	106.4	112.0	-0.9	—
Global Technology	—	108.0	.....	—
Special Situations Fd.	114.1	120.2	-0.5	—
North American Fund	123.0	129.5	-2.2	—
Far East Fund	125.3	131.9	+0.2	—
Property Fund	98.8	104.0	.....	—
Managed Fund	115.5	121.6	-1.2	—
Deposit Fund	98.3	103.5	.....	—

Hill Samuel Life Assur. Ltd.♥

INSURANCE PROPERTY BONDS

Investor Units	105.6	111.1	.....	—
Accum. Pen. Units	162.2	170.6	.....	—
Flex. Inv. Growth	126.6	133.3	.....	—
Future Assd Growth	30.0(a)	55.0(b)	.....	—
Ret. Ass'd Pen.		531.96	.....	—

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	US$183.37	185.58	.....	1.60

Next dealing April 24.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund		US$14.50	.....	—

Net asset value March 30.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.72	10.13xd	-0.33	14.25
AHR Gilt Edg.Fd.	£11.36	11.42	-0.09	12.91

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv.: ACMI, 319 High Holborn WC1. 404 0377
Distn. April 3-5. 0.001365 (15.2% p.a.).

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

East Intl. & Energy	150.0	155.0	.....	2.42

Dealing day Thurs.

Gov't Secs. Tst.(CI)	179.8	82.3xd	-0.4	15.50

Daily Dealings.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅞	97	Exch. 8¼pc 1981	99	+	8.30	11.55
99	97¼	Exch. 9½pc 1981	99	......	9.58	12.03
96¼	93¾	Exch. 3pc 1981	96¼	......	3.10	12.16
99	99⅛	Treas. Variable '81‡‡	99	+	12.01	13.05
100	99¾	Exch. 12¾pc 1981‡‡	100	......	12.69	11.90
97½	95	Treas. 8½pc '80-82‡‡	97	–	8.72	11.97
95	91	Treasury 3pc '82‡‡	94⅝	–	3.18	9.97
102	100	Treasury 14pc '82‡‡	101⅞	–⅛	13.74	11.73
98⅞	98	Treas. Variable '82‡‡	98	+½	12.09	13.06
95¾	93	Treasury 8¼pc '82	95	–	8.63	12.18
96	93	Exch. 9¼pc 1982	95	–	9.67	12.53
94¾	92⅝	Exch. 8¼pc 1983	94⅝	–	9.25	12.22
89¼	84	Exch. 3pc 1983	88¼	–¼	3.40	10.01
99⅜	97	Treasury 12pc 1983‡‡	98⅞	–	12.14	12.65
97⅛	96¾	Treas. Variable '83‡‡	97⅜	+	12.25	13.33
94⅛	92¼	Treasury 9¼pc '83	93	–	9.86	12.44
101	100¼	Exch. 13½pc '83	101¼	–¼	13.33	12.89
94⅛	92¼	Exch. 10pc 1983	93	–	10.66	12.77
87¼	84½	Funding 5½pc '82-84‡‡	86⅞	....	6.33	11.11
96¾	94	Exch. 11¼pc 1984	96⅝	–	11.67	12.77
103	101	Exchequer 14pc 1984	102¾	–	13.63	12.89
80⅝	78½	Exch. 3pc 1984	79⅞	–⅛	3.76	10.57
98½	96½	Treasury 12pc 1984	98	–⅛	12.24	12.69
107¼	104	Treasury 15pc 1985	107	–	14.02	12.64

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

400	355	Lunuva £1	380	−10	17.0	1.0	6.4

Africa

65	57	Ruo Estates	60	+2	41.0	4.3	2.4

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

295	165	Messina R0.50	290	−5	Q45c	4.7	8.9

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
[illegible]							
151½	14	Burma Mines 10p	14½xd	......	0.75	ϕ	7.4
315	180	Colby Res. Corp.	275	−5	—	—	—
255	200	Cons. Murch. 10c.	240	−10	t030c	1.8	7.2
98	75	††Hemerdon 10c.	95	−3	—	—	—
180	135	Highwood Res.	160	−5	—	—	—
400	300	Northgate C$1	365	−10	—	—	—
478	372	R.T.Z.	462	−6	t16.0	3.2	4.9
£111½	£93½	[illegible]	£111	−½	Q9½%	—	f8.9
143	127	††SPO Minerals 10p	128	......	—	—	—
47	33	Sabina Inds. C$1	39	+1½	—	—	—
38	28	††SWCM 10p	32	......	—	—	—
550	465	Tara Expln. $1	520	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- Regional price.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. x Prospective real rate of return. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	42	......	[illegible]		
[illegible]					

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	20	Vickers	15
BOC Intl.	11	"Imps"	7	Woolworths	5
B.S.R.	4½	I.C.L.	6		
Babcock	11	Ladbroke	30	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	8
Beecham	15	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	37
Boots	20	"Lofs"	4½	MEPC	20
Bowaters	24	London Brick	7	Peachey	15
Brit. Aerospace	14	Lucas Inds.	18	Samuel Props.	13
B.A.T.	25	"Mams"	20	Town & City	2¾
Brown (J.)	7	Mrks. & Spncr	9		
Burton Ord.	12	Midland Bank	26	**Oils**	
Cadburys	7½	N.E.I.	7	Brit. Petroleum	36
Courtaulds	6	Nat. West. Bank	32	Burmah Oil	16
Debenhams	8	P & O Dfd.	13	Charterhall	9
Distillers	17	Plessey	30	KCA	22
Dunlop	7½	Racal Elect.	34	Premier	10
Eagle Star	22	R.H.M.	5	Shell	34
F.N.F.C.	3½	Rank Org. Ord.	18	Tricentrol	30
Gen. Accident	30	Reed Intnl.	20	Ultramar	44
Gen. Electric	60	Sears	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met.	14	Thorn EMI	30		
G.U.S. 'A'	44	Trust Houses	18	Charter Cons.	21
Guardian	32	Tube Invest.	18	Cons. Gold	45
G.K.N.	16	Turner & Newall	10	Lonrho	9
Hawker Sidd.	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Wednesday April 8 1981

U.S. nuclear reactors may be flawed

BY PAUL BETTS IN NEW YORK

GENERAL ELECTRIC'S boiling water reactors, used in about a third of the nuclear power plants operating in the U.S., could contain a weakness *in their back-up cooling system* which would pose potentially serious safety problems, according to a report just completed *by the staff of the* U.S. Federal Nuclear Regulatory Commission.

The fear is that a sudden shutdown *of a reactor could* cause a pipe in the cooling system to break, with the resultant leak, if uncontrollable, causing *a dangerous overheating* of the reactor core. The report urges an immediate check of the cooling systems of *General Electric's 23 water* reactors licensed to operate in the U.S.

Mr. Carlyle Michelson, direc*tor of the commission's office* for analysis and evaluation of operational data, which prepered the report, said yester*day that there was no need for* alarm at this stage. But there *was a need "for immediate* attention to be given to the designs and materials of the BWR cooling system."

The chances of a cooling system's pipe breaking, according to Mr. Michelson, were about one in 100,000.

Although reactors are designed with a number of back-up systems to prevent any safety hazard from a single plant failure, Mr. Michelson suggested that in this case "we may have a hole in the fortress."

General Electric said yesterday it had reviewed the summary of the report and believed its conclusions were "not realistic." The company, the leading U.S. electrical equipment and electronics manufac*turer with big nuclear operations*, acknowledged a leak could conceivably occur, but did not believe it would pose "*a credible safety problem.*"

According to Mr. Michelson, the *problem emerged during an* investigation into another potential safety hazard at a GE boiling water reactor operated by the Tennessee Valley Authority at Browns Ferry in Alabama. The investigation last June concerned an incident in which the reactor could not be completely closed for about 15 minutes.

This was later discovered to have been caused by a deficiency in the reactor's "scram system," which is designed to shut down quickly the fissioning process in a reactor. Following the investigation, the Nuclear Regulatory Commission ordered modifications of 12 General Electric reactors to prevent the problem recurring.

During the investigation, the *potential leak problem* in the cooling system, which is an essential part of the shutting down of a reactor operation, *was identified.*

Mr. Michelson said yesterday *that the possibility of a pipe* breaking had never been fully analysed. "In most cases, this back-up system has not contained water as they have not been in use," Mr. Michelson said. He said that this probably accounted for the lack of attention to possible safety hazards.

The system comes in operation and fills with water in a reactor shut-down sequence.

Mr. Michelson, whose office was created after the accident two years ago at the Three Mile Island nuclear plant, said checks on the pipes and design of the cooling system should take place as soon as possible. But he added that this did not mean that plants should be shut down while the checks were being made, as the surveillance work could probably be done with the reactors working.

The report will now be considered by the NRC which will *then decide whether to go ahead* with the checks in consultation *with General Electric and the* companies which operate the plants. If defects are found, the Nuclear Regulatory Commission *can order changes in design and* material.

If the pipes are found in good shape, there would be no problem, Mr. Michelson said. He added that it was in everybody's best interests to conduct the checks swiftly without provoking any sense of alarm.

The Three Mile Island accident, involving a Babcock and Wilcox Pressurised Water Reactor, caused a major wave of concern over the safety of nuclear energy. The U.S. *nuclear industry still has to* recover from that blow, compounded by a series of problems. These include the present regu*latory climate*, anti-nuclear opposition and the financial troubles of utilities, which continue to inhibit nuclear power generation.

Money supply rise hits hopes of cut in MLR

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CITY *hopes of an early cut in* Minimum Lending Rate have been set back for at least a few *weeks* by the announcement *yesterday of a larger-than-*expected rise in the money supply of about ¾ per cent for the month to mid-March.

This rise largely reflected a sharper growth in bank lending than in recent months.

The response *in financial* markets was a rise in sterling and a fall in the price of gilt-edged stocks. The pound had *anyway been recovering against* a weak dollar after Mr. Leonid Brezhnev's speech in Prague allaying fears of imminent *Soviet intervention in Poland.*

News of the money figures led to a deferral of hopes that UK interest rates would fall and recent speculative positions against sterling were closed.

Consequently the pound reversed two-thirds of Monday's sharp fall against the dollar and closed 2.45 cents higher at $2.1935.

Prices of long-dated gilts had been £¾ down before the *figures. They closed up to £1* lower.

The Bank of England figures of ¾ per cent growth of *money supply is for sterling M3*, which includes cash and bank current and deposit accounts. The rise is well within the official target for a 6-10 per cent annual rate of growth.

Most City analysts had, however, been expecting a much smaller rise and some had been forecasting a fall.

The Government seems likely to remain cautious about MLR until a clearer monetary trend emerges, especially in view of the uncertainty created by the civil service dispute.

The public sector is likely to have been a contractionary influence on the money supply last month in view of the heavy sales both of gilt-edged stocks (partly offset by redemptions of maturing issues) and of national savings.

Overseas factors are likely to have boosted the money supply, reflecting the strength of sterling immediately after the Budget.

The main expansionary influence was undoubtedly bank lending to the *private sector*, though the figures were *significantly distorted* by round-tripping. This is an operation in which large companies borrow on overdraft from clearing banks and *re-lend at a profit* to the money markets.

This was possible because of intense money market pressures last month which altered the balance of short-term interest rates.

The London clearing banks said yesterday that, after seasonal adjustment, the underlying rise in lending might have been around £750m. Even after the switches between clearers and market borrowers have been taken into account, "*the real growth in lending* does seem to have been rather higher than in recent months."

This rise follows a few months in which the growth of lending appeared to have slowed down. There is no obvious explanation yet.

Figures Page 25

Decision on Airbus likely this year

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRBUS INDUSTRIE is likely to decide later this year whether to build a new 150-160 seat version of the European Airbus, the A-320.

The European consortium, in which British Aerospace has a 20 per cent stake, has discussed design details with airlines world-wide, particularly in Europe and North America. Consortium officials feel Airbus Industrie could win a sizeable share of the market for such an aircraft which is expected to top 1,000 units by the early 1990s.

Several major airlines, including American, Delta, United and Eastern in the U.S., have recently issued specifications for such an aircraft calling for delivery to start by about 1986-87.

Airbus Industrie would have to start development work next year to meet such a target, which means a formal decision later this year.

All the member governments of Airbus Industrie would have to approve such a venture, as they would have to make available much of the £750m investment in detailed design, development, tooling and initial production.

British Aerospace, is already *investing up to £450m* on its share of work on two existing versions of the Airbus—the A-300 and the A-310—and *would probably need substantial* launching aid from the Government. It was not formally asked for this, and is not likely *to do so until Airbus Industrie* has decided to go ahead.

Airbus Industrie officials believe the A-320 is a vital *programme* to enable the consortium to win new markets, widen the range of civil aircraft produced in western Europe and to offer competition to Boeing and McDonnell Douglas of the U.S.

Work on the 200-seat version of the Airbus, the A-310, is progressing. The first wing for the A-310 Airbus was yesterday removed from its jig at a ceremony at British Aerospace's Broughton factory near Chester. The new wide-bodied airliner will make its first flight next spring with deliveries starting early in 1983.

More than 100 of the bigger version of the Airbus, the A-300 are already flying—using wings built by British Aerospace at Chester.

Production of wings for both the A-300 and the A-310 programmes is being accelerated. From the *present production* rate of four wing sets a month it is planned to increase production to eight sets a month by 1984 and the total may go to *10* a month by 1985 and 1986.

Of investment by British Aerospace in the airbus programme of over £450m, between £200m and £250m represents its share of the launching costs of the A-310 alone.

Seven British Aerospace factories throughout the UK are involved on the airbus programme covering both the A-300 and the A-310, providing direct employment for over 2,000 people throughout the group.

There are 463 firm orders and options for all versions of the airbus to date—315 for A-300s and 148 for A-310s.

Strikes halt 'up to £1bn' taxes

BY PHILIP BASSETT, LABOUR STAFF

SIR GEOFFREY HOWE, the Chancellor of the Exchequer, said yesterday that between £750m and £1bn of expected tax receipts last month had been halted temporarily by the strikes over pay in the Civil Service.

The Council of Civil Service Unions, though, claimed that the amount of tax and other due payments halted, including national insurance contributions and offsetting VAT repayments not taken into account by the Chancellor, was £2.2bn in the first four weeks of the strike.

Sir Geoffrey, in a Commons written answer, said that over three-quarters of the expected tax receipts for March had been paid into Exchequer accounts. The delayed tax receipts would be credited to the new financial year.

The effect on the borrowing requirement, though, had been offset by other factors unrelated *to the dispute*. These are mainly concerned with underspending on expenditure programmes.

The effect of the strikes *taken with the offsetting* is likely to mean a deterioration of £300m to £500m on the projected central Government bor*rowing requirement of £12.76bn* when the provisional outturn for the year as a whole is announced tomorrow.

The Chancellor said that the net increase in borrowing requirement presented no risk to overall economic management.

The union estimates that only two-thirds of tax revenue is coming through. The union *maintains* that the difference between its and the Chancellor's figures is due to the halting of offsetting VAT repayments due to the strikes.

The *dispute may be intensified* sharply from today by suggestions raised yesterday of the Navy being used to clear *from dock a Polaris nuclear* submarine.

Budget "thwarted." Page 10

State industry board pay reformed

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

CHAIRMEN OF some nationalised industries will consider claiming salary increases of up to 15-20 per cent for their full-time board members in the coming year under a pay system announced yesterday by the Prime Minister.

Mrs. Thatcher has freed nationalised industry board members from rigid central controls at a time when the Government is resisting civil servants' pressure for pay rises of more than 7 per cent.

She told the Commons in a written answer that the salaries would be fixed individually for each of the 20 nationalised industries according to "managerial and market considerations."

This will free the Government of the embarrassment it has suffered from the chairmen and board members' salaries—which range up to nearly £60,000 a year—being dealt with in one major and highly political announcement each year.

But it will also mean that there may be conflicts between what individual industries consider their boards should be paid and what the Government considers to be in the national interest.

Some chairmen will, however, feel bound to stick to the pay levels negotiated by their manual workers. In some cases management consultants will be hired to compare salaries with the private sector.

The arrangements replace a central comparability system run since 1971 by the Boyle Top Salaries Review Body (which still covers senior judges, armed forces officers and civil servants) in conjunction with the Civil Service Department or Treasury.

Now the chairmen and non-executive directors of each nationalised industry will, in line with private sector practice, recommend what their full-time board colleagues should be paid.

The Government Minister responsible for each industry will then decide what should be paid with "the approval" of the Minister for the Civil Service.

Brezhnev counsels

Continued from Page 1

of assurances to calm Soviet fears. "Against the supporters of political destruction and destablisation of the state we are putting forward the party line of Socialist revival and the realistic social and economic programme of the new Government headed by Gen. Wojciech Jaruzelski," Mr. Olszowski said.

He delivered his speech in an unemotional voice, without appeal for patience or any *attempt to explain the realities* of events in Poland beyond the stereotyped formula of a counter-revolutionary threat.

It is assumed, however, that he is briefing the Soviet leader privately on developments in the party, in particular on plans for a secret ballot and free elections to top party posts at the Polish Party Congress in July.

Close examination of the Russian and English versions of Mr. Brezhnev's speech revealed a significant difference in emphasis.

In the English text Mr. Brezhnev is reported as saying that "the Polish Communists, as we believe, will, with the support of all true Polish patriots, prove able in adequate measure to oppose the designs of the enemies of the Socialist system who are at the same time the enemies of the independence of Poland."

However, the verb used in the Russian version implied that the Russians only "assume" that Poland will be able to oppose the designs of the enemies of Socialism.

In conclusion, he reiterated the Soviet proposals for a moratorium on the deployment of medium-range nuclear weapons in Europe.

Our foreign staff adds: Sir Ian Gilmour, Britain's deputy Foreign Secretary, said after Mr. Brezhnev's speech that any inference that the West was interfering in Polish affairs was "absolute nonsense."

Building to resume at Grain

By John Lloyd, Labour Correspondent

THE CENTRAL Electricity Generating Board is to resume construction of a fourth unit at the Isle of Grain power station site in Kent—if agreements made with the unions are seen to work over the next month.

The cost of the five-unit station, which has been plagued by industrial disputes, is conservatively estimated at £550m. The extra cost to the CEGB of restarting work on a 660 megawatt fourth unit will not be one fifth of the total because of work already done on the unit, but it will cost many millions.

The decision to resume construction *is conditional* upon a final settlement of the 18-month inter-union dispute at the station.

Under a revised formula thrashed out by the TUC, members of the General and Municipal Workers Union, *which traditionally organises* insulation engineers, or laggers, will begin lagging work on unit three under the *mechanical construction* engineering agreement. The GMWU laggers had previously refused to work under this agreement.

Once they are on site and seen to be working efficiently, the trainee laggers, members of other unons, who replaced them on unit one a year ago, will be moved off unit one and the GMWU laggers redeployed there after a break of 18 months.

The last part of the plan is to re-engage the 50-odd trainee laggers at their original skills on a re-opened unit four.

However, there have been strong objections from the site's workforce to their redeployment.

Weather

UK TODAY

England and Wales dry, fog at first; Scotland, N. Ireland cloudy, rain.

London, most of England, Channel, Wales
Dry. Early fog, sunny periods. Max. temp. 12C (54F).

Lakes, I.o.M, N.E. England
Early fog, sunny periods, rain later. Max. temp. 11C (52F).

Scotland, Orkney, Shetland, N. Ireland
Cloudy, rain. Max. temp. 10C (50F).

Outlook: Dry. Sunny intervals, occasional rain in parts. Temps. near or above normal.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	17	63	London	S	12	54
Algiers	F	22	72	L. Ang.†	C	13	55
Amsdm.	F	13	55	Luxmbg.	C	15	59
Athens	S	21	70	Luxor	D	27	81
Bahrain	S	23	73	Madrid	F	18	64
Barclna.	C	17	63	Majorca	S	21	70
Beirut	C	16	61	Malaga	C	17	63
Belfast	R	7	45	Malta	S	21	70
Belgrd.	S	19	66	Mchstr.	C	7	45
Berlin	S	15	59	Mx. C.†		—	—
Biarritz	F	18	64	Miami†	C	22	72
Bmghm.	C	8	46	Milan	S	19	66
Blackp'l	C	7	45	Montrl.†	S	3	37
Bordx.	F	18	64	Moscow	C	6	43
Boulgn.	C	10	50	Munich	S	19	66
Bristol	C	9	48	Naples	S	18	64
Brussels	C	11	52	Nwcstl.	R	5	41
Budpst.	S	16	61	N. York†	S	6	43
Cairo	F	21	70	Nice	S	17	63
Cardiff	C	9	48	Nicosia	F	19	66
Casbca.	F	19	66	Oporto	S	18	64
Chicg.†	S	7	45	Oslo	S	11	52
Cologne	F	20	68	Paris	C	15	59
Cpnhgn.	S	7	45	Perth	F	12	54
Corfu	S	20	68	Prague	S	16	61
Denver†	S	4	39	Rykjvk.	Sl	1	34
Dublin	C	8	46	Rhodes	S	18	64
Dbrvnk.	S	17	63	Rio J'o†		—	—
Ednbgh.	C	8	46	Rome	F	17	63
Faro	S	17	63	Salzb'rg	S	20	68
Florence	S	19	66	S'ciscot	S	7	45
Frankf't	S	19	66	S'tiago†		—	—
Geneva	S	15	59	Stckhm.	C	10	50
Gibrltr.	F	18	64	Strasb'g	S	21	70
Gl'sg'w	R	6	43	Tangier	C	21	70
G'nsey	F	11	52	Tel Aviv	S	19	66
Helsinki	S	11	52	Tenerife	F	15	59
H. Kong	C	28	82	Tokyo	S	18	64
Innsbrk.	S	20	68	T'r'nto†	F	1	34
Invrnss.	C	8	46	Tunis	S	22	72
Io oMan	R	5	41	Valencia	C	17	63
Istanbul	F	15	59	Venice	S	16	61
Jersey	C	12	54	Vienna	S	16	61
L. Plms.	C	19	66	Warsaw	S	15	59
Lisbon	S	19	66	Zurich	S	16	61

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sl—Sleet. D—Duststorm.
† Noon GMT temperatures.

THE LEX COLUMN

Royal Bank is shanghaied

The Royal Bank of Scotland Group is now the prize in an international banking power game of spectacular proportions. All the many rumours about the Hongkong and Shanghai Banking Corporation are confirmed with its arrival waving bid terms which are designed to shut out Standard Chartered. The Hongkong Bank is offering a share swap on an eight-for-five basis which puts a value of some 221p on each Royal share, against the paltry 143p value of the existing terms from Standard Chartered. But it is still a long way from here to victory for the Hongkong bank.

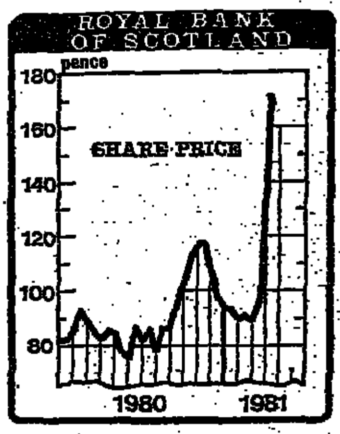
It seems that Hongkong and *Shanghai has been planning this* move for some time, though but for Standard Chartered the offer would have taken three or *four more weeks* to emerge. Methodically, the bank has been exploiting the internationally anomalous valuations in the *Hong Kong stock market*, which give it a market capitalisation of well over £2bn and have recently allowed it to raise some *£170m through a rights issue.* The Hongkong Bank is valued at around 2½ times disclosed net worth, after a property *revaluation*, and *whatever its* Aladdin's cave of glittering inner reserves may be, its paper is much more attractive to issue as *bid currency than* that of American and British banks which typically are valued at well under net worth.

In these circumstances Hongkong and Shanghai has become something of a rogue elephant on the international banking scene. It was tolerated—just—by the Americans when it offered a ready-made solution to *the problems of Marine Midland.* But whether the Bank of England will welcome its intervention in the affairs of the *thoroughly healthy Royal Bank* is another matter.

Forced out into the open before it would have liked, the Hongkong Bank is adopting two ploys. First, its public relations message heavily stresses its "Britishness" and the bank has gones out of its way to soothe Scottish sensitivities with talk of independence and partnership.

It is no doubt true that the Hongkong Bank does not have the management resources *actually to run the Royal Bank*, but that does not imply independence. As for its Britishness, the colonial spirit *did not influence the other* major merchant banks enough to dissuade them from barring Antony Gibbs from mbership *of the Accepting Houses Com*mittee when Hongkong and Shanghai assumed full control.

Index fell 7.7 to 525.8



Secondly, the Hongkong Bank has decided to put pressure by *paying a much higher* price than Royal Bank's shareholders have scented so far. Even at this price (involving an *increase of 23 per cent in Hong*kong and Shanghai's equity ignoring the partial cash alternative) the Hongkong Bank *stands to raise its earnings* and net worth per share.

One immediate snag—a likely weakness in its share price—is one that the bank can no doubt handle. But the regulatory hurdles posed at this end by the Bank of England and the Office of Fair trading could well prove formidable.

Banking figures

It is a common enough sight in gilt-edged circles—an over-forecast set of banking figures, vaguely unsatisfactory where not incomprehensible, landing on a technically groggy market. The combination is thoroughly implosive.

So it was yesterday, when long-dated stocks finished a point lower after figures showing that sterling M3, which was not supposed to have risen at all, went up by ¾ per cent in the month to mid-March. And this even after heavy sales of stock.

There are a few things to be *said in favour of the figures.* The money supply has been inflated by relatively heavy money market round-tripping, *and by external items—corpor*ate treasurers seem to be playing the foreign exchanges quite actively, and complicating *the money figures along the* way. The Bank of England seems to have been buying in plenty of maturing gilt-edged *stock as an offset to gross sales* of debt. Finally, the March *increase means that sterling M3* has risen by 8¾ per cent annualised over the last four months, which is hardly a disaster.

All the same, long yields are now pushing up to 14 per cent, barely a point below the level of a year ago *when inflation* was running up to its 22 per cent peak. Now that every fund manager is sated with stock, it *seems that a higher level of* yields is demanded year by year for a given level of deficit financing. This disenchantment *may last for some time, unless* of course the foreign buyers come back. The paradoxical strength of sterling yesterday *makes their return that bit more* likely: in the present topsy-turvy exchange markets, bad money figures mean higher interest rates for longer and therefore a firm currency.

Petro-Lewis bond

Higher interest rates worldwide make devices to keep initial Eurobond coupons low increasingly attractive to borrowers. So Petro-Lewis Corporation's oil-backed bond, coming on the heels of the gold-linked bond for Refinement, may well signal a series of commodity-backed issues. The main proviso is that such borrowers are likely to be confined to companies with ready access to the relevant commodity.

In the obvious comparison with the Mexican petrobonds, the key advantage is the five year term, two years longer than the petrobonds. This provides a greater chance of encapsulating a cyclical boom in the world oil price. The downside risk of the P-L bond is limited by the option of converting back at an annual yield of 12½ per cent after 2½ years and the investor is somewhat insulated against a drop in the oil price from high levels towards the end of the period.

Dollars are a more convenient investment medium than pesos, but against that P-L is not so good a name as the Mexican Government. P-L has been growing rapidly, partly through the use of oil tax shelters which it now fears could come under attack. This is why the company is keen to step up pure exploration. There is also an escape clause in the bond if the Government muscles in—in a similar way to the UK Government this year in the *North Sea, perhaps*—and *in* this case the annual compound return is limited to 20 per cent. Only the more adventurous *funds will be interested.*

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